

# **STRATEGIES FOR CAMPUS SPORT CENTRE FUNDING A CASE STUDY ON THE CHARLES JAGO NORTHERN SPORT CENTRE**

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## *ABSTRACT*

Campus Sport Centres are important for university or college to retain and recruit student body, faculty, staff, and community memberships. It is important for these institutions to implement effective strategic plans that meet the needs of customers and stakeholders while remaining financially independent. The study determines how a campus sport centre can become financially self-sustaining without the need of government funding to support the operations of the facility while delivering value to its customers and stakeholders.

The study used the Charles Jago Northern Sport Centre (CJNSC) of the University of Northern British Columbia (UNBC) as the case organization. The strategic priority for the CJNSC is to become a financially self-sustaining facility to cover costs associated with its aging facility. Through the review of secondary data and some primary data, the study identified eight key revenue streams that could be implemented by the CJNSC. These include; 1) increases to the percentage of UNBC student recreation and fitness fees that the CJNSC receives, 2) increased fees to programming and memberships, 3) forming strategic alliances, 4) space utilization, 5) sport tourism planning with seasonality of facility booking space, 6) cancellation fees for memberships, 7) a membership pricing strategy, 8) naming rights. It was determined through the case organization that reducing expenses would not have the long-term benefit for the CJNSC and only existing and new revenues would satisfy the goal of being financially self-sustaining. This information is provided through an integrative framework that could be used as a template or tool by other organizations of similar structure and system as the CJNSC to develop their sports centers for successful outcomes.

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## CHAPTER ONE – INTRODUCTION

### 1.1

The last few decades have seen a number of sports centers built in Canadian universities and colleges. These, in addition to community recreational centers in local communities have contributed to the wellbeing of citizens and student body. College and university sport centres provide a sense of culture for students, physical and mental well-being, student recruitment, student retention, as well as an architectural show case for attracting individuals to the facility (Crow, Gonsoulin, & Phillips, 2001). The use of taxpayers' dollars to finance campus sport centres has been a common theme for the creation and continuous operation of these facilities (Stier, Schneider, Kampf, Wilding, & Haines, 2005). They are important to the university and community, as they serve the purpose of providing overall health benefits for people of all ages through sport, fitness, and leisure opportunities.

Financial resources for funding universities or colleges have been obtained through three revenue categories which are government grants, student tuition fees, and other entities (Jongbloed & Vossensteyn, 2016). The other entities consist of private sector contributions through ancillary services, donations, and contracts (Jongbloed & Vossensteyn, 2016). Typically, in most post-secondary institutions, student recreation and fitness fees are generated through tuition and are used as a revenue stream to fund the school's sport centre. Many countries, such as Canada, saw a decrease in their core funding they receive through government funds (Jongbloed & Vossensteyn, 2016). This reduction in funding for post-secondary institutions, will make the goal of post-secondary institution sport centres being financially self-sustaining increasingly important.

This project explores the products and services provided by facilities to the community and how they can be maximized to reduce or eliminate government funding. It also investigates

and identifies strategies that are required for these facilities to be self-sustained without the need for government funding, especially when the facility is located and operated by the post-secondary institution. Identifying strategies will hopefully reduce the dependence on funding from the post-secondary institution's financial resources and will allow those financial resources to be allocated elsewhere within the institution.

Most communities and post-secondary institutions have multiple sports and recreation facilities and over time, these facilities will need renovations and upgrades as it deteriorates. This becomes difficult in the municipal sector as decisions need to be made on which facilities will receive funding for renovations. It further impacts the capabilities of local governments from building additional sport and recreational facilities in the area. Therefore, there is the need for these facilities to be financially self-sufficient without local government funding. These facilities need to devise strategies that will provide alternative revenue streams to enable them to run their operations. This project adopts a single case study of the Charles Jago Northern Sports Center (CJNSC) located on the campuses of the University of Northern British Columbia (UNBC).

### *1.2 Objective of Study*

The objective of this case study is to identify strategies on how a university, college, or public facility can operate a sports center as a business without the need for government funding. The project hopes to provide an integrative framework that can serve as a guide for the management of campus sport centres within a Canadian university or college. Through the case study method, multiple strategies will be identified through primary data of two CJNSC customer service surveys, secondary research and analyzing UNBC and CJNSC internal documents.

It is important to have enough funds in capital reserve holding accounts to be able to cover the costs of renovating and/or replacing a facility (British Columbia Recreation and Parks Association, 2009). By focusing on generating profit and investing that profit into a capital reserve holding account, it allows facilities to be financially self-sufficient while ensuring efficient and effective maintenance of these assets.

New facilities built in British Columbia have shifted from a standalone facility to a multi-use facility, which appeals to a wider demographic (British Columbia Recreation and Parks Association, 2009). Multi-use facilities are important for sport development as they provide opportunities for multiple sport organizations to develop within the same facility, compared to the facility targeting a singular sport organization. These facilities are also important for sports tourism and destination sports, which focus on attracting sporting events or high-performance training camps to the community, thereby creating an economic impact in the local community at large. The high-performance training concept has been viewed as a landscape for athletic conditioning and sports performance, and creates philosophies, protocols, and programs for developing athletes (Lewindon & Joyce, 2014).

### *1.3 Problem Statement*

A university or college sport and recreational facility should strive to be a financially self-sufficient facility that is not reliant on annual government grants or funding to operate. This would typically align with a strategic plan to support growth in their strategic business units and to inform its patrons of the sport centre's vision and goals. Ideally, there would be significant revenue generation through the services it provides with minimal or no reliance on government funding to support its operating budget and capital projects.

Not all sport centres built on university or college campuses have a strategic plan that aligns with the purpose of revenue generation or as a business entity. Depending on the university, their strategic planning could be different, as they focus on athletic programs, student recreation experience, and limited or no community memberships. Depending on the campus sport centre or the post-secondary institution's vision, the type of facility would be dependent on their goals and objectives. If the facility's goal was on student recruitment and retention, then the facility would be solely invested in the student experience and may limit community members to access the facility or restrict community memberships all together. If the campus sport centre focus was on high performance development for their athletes, then the focus could be solely on athletic players and student recreation services. These types of examples do not focus on revenue generation, but the student experience and classroom performance based on the health benefits of physical activity. These centres are built to focus on the student's health and well-being, which include providing space for cardiovascular activities, weight lifting, intramural sports, non-registered recreation activities, and athletic games. Saint Mary's University in Halifax, Nova Scotia, has a similar student health and wellness approach along with minimal student fitness fees (Saint Mary's University, n.d.). The focus is not solely on revenue but on the student retention, student recruitment, and student social activities, which result in better performance in classroom.

The high-performance sport centres are built for athletes to train and compete at the highest level of competition, as well as promote sport development. These sport centres could be built due to the university or college being a leader in sport competition or due to the physical location of the building. For these facilities the services they offer include treatment of injuries, personal training services, human performance labs for athlete analysis, sport tourism, youth

development, and membership services (Fortius Sport & Health, n.d.). Fortius Sport and Health and Pacific Institute for Sport Excellence are two facilities that are dedicated to the development of athletes and sport.

A sport centre that focuses on revenue generation could be a hybrid of both high-performance sport centres and student experience. An example of a hybrid facility would be the University of British Columbia (UBC), where they focus on both athletics and recreation for the students, but also have high student fees to generate revenue along with their revenue generated through their community services. The university or college could be a smaller school with a small number of students, which would mean they need additional services to help pay their financial obligations. Or these facilities could be large campuses that rely on their large student population to help pay for operating costs, future capital projects and expansions/new facilities. They may still offer a combination of services from the student experience or high-performance centre, but there would be more focus on revenue generating programs, community memberships, sport tourism and facility bookings to the public.

From the government perspective, there is a community health benefit to funding the creation and ongoing operations of sport and recreation facilities through tax payer dollars (Grieve & Sherry, 2012). For communities with multiple large-scale facilities and the need for funding to support the aging facilities, it presents difficult challenges for the local government on allocating funds and which facilities receive funding and what percentage of the allocated funds go to each facility. As the private sector typically has not viewed sport and recreational facilities as viable businesses, local government have provided tax payer dollars to support continued operations (Grieve & Sherry, 2012). This view of recreational facilities not being a viable

business could occur due to a competitive market through government funded facilities that offer cheaper programs and memberships to the public.

In response to the following issues below, this study proposes multiple different revenue streams that can be used to ensure that campus sport centres are financially self-sufficient and operate without government funding:

- Private sector not viewing sport and recreational facilities as a viable business
- Changing the perspective of campus recreation centres having a strategic plan with financial self-sufficiency
- The need to pay for maintaining aging campus sport centres

Therefore, this study hopes to answer the research question; *“How can a sports and recreational center/facility built on university/college campus become financially self-sufficient without government funding?”* In other words, *“What strategies are needed to be pursued or services to be delivered to enable it to achieve this new business model?”*

This will be a single case study and will use CJNSC as the case organization. Through primary data and secondary research, it will identify revenue streams that will enable it to become self-sufficient without government funding, as well as attempting to lower operating costs for the facility. For the CJNSC, if the local government (City of Prince George) removes its annual funding contribution to the CJNSC’s operating budget, then UNBC would need to determine alternative methods to generate revenue to cover the loss of the local government funding.

#### *1.4 Justification and Significance*

The significance of determining financial self-sustaining strategies for sport and recreational facilities can be important for post-secondary institutions to allocate funds

elsewhere. The goal of the study is designed to help sport and recreation facilities to achieve financial self-sufficiency and reduce reliance on government funding and annual giving to operate these facilities. Also, it will provide the CJNSC with a framework for a new strategic plan and support other university sport centre's that are trying to achieve financial self-sufficient facilities that do not rely on government funding to operate.

### *1.5 Methodology*

The project adopts a case study methodology and uses the CJNSC as the case organization. The study will analyze primary and secondary data of the CJNSC along with other empirical research to draw conclusions. The area of primary data used were two CJNSC surveys. The surveys were not directly conducted for the purpose of this study and they were used as annual customer satisfaction surveys. The area of focus for the secondary research has been facility type, drivers for campus sport centres, consumer needs, demographics, strategic planning framework, and sport tourism. It includes other peer reviewed journal articles, news articles, books, and business papers. This research will help inform an understanding of strategic needs for the case organization in chapter three.

### *1.6 Project limitations*

This project has a number of limitations. First, it is a single case study of CJNSC, which only analyzes one university campus sport centre. The generalizability of the research findings may not be applicable to other universities or colleges. Also, the study may not be applicable for university sport centres that do not rely on local government funding for campus sport centres, which can limit the research being applicable to those institutions. The third limitation is the lack of dedicated primary data for this research. This project relied on annual surveys for the case



organization as there was not enough time to complete any primary data due to the application process to UNBC research ethics board and compiling raw data for analysis. This will limit the project to a case study, primary data and secondary research.

### *1.6 Project organization*

The project is organized as follows; Chapter one provides an overview of the project, highlighting the objectives, significance, methodology, and limitations of the study. Chapter two focuses on the literature review. The chapter provides secondary research for campus sport centres. Chapter three focuses on the case organization - The CJNSC at the UNBC by analyzing two customer surveys and multiple UNBC and CJNSC internal financial documents. Chapter two and three help support chapter four in analyzing potential revenue streams or cost reduction strategies for campus sport centres. Chapter five is a summary of the study along with conclusions and recommendations for the project, which if implemented will help to find a solution for the problem statement of campus sport centres becoming financially self-sustaining.

### *1.7 Conclusion*

This study seeks to identify key strategies that enable universities and colleges to generate enough revenues in order to operate and maintain campus sport centres without having access to government funding. Through the case study methodology, it provides an integrative framework that will serve as a guide or blueprint for post-secondary institutions desiring to operate a sports centre on their campus. It also serves as a tool for a university or college with existing facilities that relies on government funding to operate and how it can wean itself from such funding and become self-sufficient by adopting some of these key strategies. This project is valuable for both stand alone and multi-use sport and recreation facilities as well as post-

secondary institutions and public funded facilities. At the community level, the goal is to provide a strategy that will fit the needs of the community and provide facility independence in Prince George, British Columbia and surrounding communities. This independence would be determined by the ability to create additional revenue streams and invest revenue into the capital reserve fund for future renovations and operational needs.

## CHAPTER TWO – LITERATURE REVIEW

### *2.1 Introduction*

Chapter one provided a background and overview of the project. To ensure this study is grounded in work that has preceded this research, this chapter provides a broad and general overview of literature of the key topics in this study. This review focuses on five categories of consideration for strategic planning in campus sport and recreation facilities. These are facility section, consumer section, demographic section, public versus public/private section, and the sport tourism section. This literature review did not consider major sport facilities such as professional sport stadiums, or fitness only facilities. Instead, the majority found significant importance in government grants to support the operations of campus sport centres.

There were reports analyzed outside of peer reviewed articles which includes numerous jurisdiction strategic plans for parks, recreation and sport sectors, university sport center strategic plans, and Canadian government sport participation reports. These reports will be helpful in analyzing strategic plans throughout Canada and guide the paper to providing useful tools of success for post-secondary institution sport centers.

### *2.2 Facility Section*

#### *2.2.1 Sports and recreation facility defined*

According to Fried (2010, p. 5), “A sport facility is defined as any enclosed facility built, installed, or established as a facility where sports are played.” These sport facilities offer a wide range of fitness, recreation, sport and leisure opportunities to the community, university or college through different amenities (Stier, Schneider, Kampf, Wilding, & Haines, 2005). Not all facilities provide similar products or services to its customers and these amenities are dependent on the size, location, and needs of the post-secondary institution. The definition by Fried (2010,

p. 5), “a sport facility is defined as any enclosed facility built, installed, or established as a facility where sports are played,” has been adopted as the sport centre definition for this study.

Professional sport stadiums are different than that of sport centres as they are built directly for the professional sport franchises, which they host their home games compared to the general public for sport and recreational opportunities (Matheson, 2018). Fitness facilities provide a place for health enhancement, through cardiovascular activity with weight lifting, fitness programming, walking, jogging, and running (Rimmer, Padalabalanarayanan, Malone, & Mehta, 2017). The difference with fitness facilities compared to sport centres is that fitness facilities offer only fitness activities or equipment, while sport centres have more variety for its members with recreational sport space, leisure space, aquatic space, conference rooms, and many other options.

### *2.2.2 History of post-secondary institution sport and recreation facilities*

Harvard University was the first to build a steel and concrete reinforced outdoor stadium in America in 1904, which seated 23,000 fans (Fried, 2010). In 1912, Yale was the first university to build a large football only stadium (Fried, 2010). The history of campus sport and recreational facilities began at the University of Michigan in the late 1920's (Stier et. al, 2005). The university became the first post-secondary institution in the United States to construct a facility that was dedicated to multiple sport activities (Stier et. al, 2005). It was called the Intramural Sports Building, and it is still in operation. It was designed for men to participate in nonvarsity club sports, intramural activities, and physical education (Taylor, Canning, Brailsford, & Rokosz, 2003). In the 1970's, there was a change in the operations of campus sport facilities, as they were previously managed without financial responsibility and changed to being managed with financial responsibility through the campus recreation department (Stier et. al, 2005). Due

to financial responsibility and post-secondary institutions charging students recreation and fitness fees, it has allowed for increased revenue to support the development of multimillion-dollar multipurpose facilities designed for student, faculty, staff, and institutional constituencies to have accessible physical activity opportunities (Stier et. al, 2005). The locations of the facilities in the 1970's changed, as they were built closer to on-campus housing, with the intent of having a physical education academic intent (Taylor et al., 2003). Another change was that the facilities were not being solely used by men as women were starting to participate in campus recreation along with all members beginning to pay for student recreation fees.

In the 1980's and 1990's, the development of recreation facilities increased, as campus recreation needed additional space for the increased participation from female participants and society's general interest in physical activity (Taylor, Canning, Brailsford, & Rokosz, 2003). The reason for the development of campus recreation and sport centres is to attract, recruit and retain new and existing students (Stier et. al, 2005). These centres help to meet user physical and psychosocial needs and to help increase the quality of life for students.

### *2.2.3 Types of sports and recreation facilities*

Sport and recreation facilities can be either a single purpose sport facility or multi-use sport facility. Single purpose sport facilities only offer one sport surface option within the facility compared to multi-use facilities that offer a variety of sports, recreation, and fitness opportunities to patrons through multiple activity surfaces (British Columbia Recreation and Parks Association, 2009). The multi-use facilities operate with multiple activity options, such as a gymnasium that could offer basketball, volleyball, badminton, pickleball along with other sport courts, aquatic center, and fitness centers. The purpose of multi-use facilities is to provide a

facility that would appeal to a larger demographic in the community it is located (British Columbia Recreation and Parks Association, 2009).

In the post-secondary institution sector, facilities either offer access to students and community members, or strictly students, faculty, and staff. The shift to multi-use facilities from stand-alone facilities has allowed for greater exposure for the facility from appealing to a larger demographic. Infrastructure trends in British Columbia, Canada have shifted towards multi-sport facilities, compared to the standalone facilities, due to the increased level of demand for facilities (British Columbia Recreation and Parks Association, 2009). Also, these facilities try to condense both senior centers and youth centers into one facility, which provides the community with a facility for all ages.

Health and fitness centers are considered special purpose facilities that contain space and equipment for the purpose of weight training and general physical activity (British Columbia Recreation and Parks Association, 2009). These services are often offered within a sport and recreation facility and can provide additional opportunities for revenue through fitness center memberships, personal training, fitness classes, and other health related services.

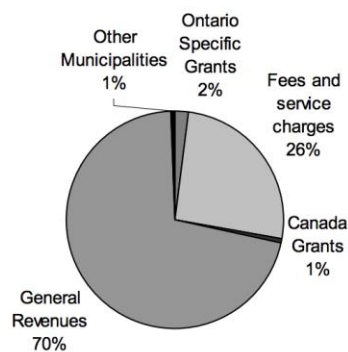
From the reviewed literature, the significant difference between campus sport centre versus public sport and recreation centres was shown through two components;

1. Difference in target consumers/customers
2. Difference in priority of funding opportunities

The majority of post-secondary institution campus sport centres target markets were their students, faculty, and staff compared to that of public facilities that prioritize community members (NIRSA, 2013). Campus sport centres focused on the experience of their current students and some facilities limit the number of community memberships they offered to the

public or they did not offer community memberships (NIRSA, 2013). This limitation is to ensure the student experience is positive and that students are able to access the facility to support them in student success, student recruitment, and student retention (NIRSA, 2013). Section 2.5.5 discusses different revenue stream options for campus sport centres. According to Slack (2003), sources of revenue for recreation and culture in Ontario were general revenue, Canada grants, fees and services charges, provincial specific grants, and other municipalities as depicted in the figure 1 below:

**Sources of Revenue for Recreation and Culture, Ontario, 1999**



**Figure 1. Sources of Revenue for Recreation and Culture, Ontario, 1999. Reprinted from Municipal Funding for Recreation (p. 9) by Slack, 2003. Enid Slack Consulting Inc.**

This shows that there was a clear difference in both target consumers and priority of funding for public sport and recreation centres and campus sport centres. Depending on the post-secondary institution, the campus sport centres had adopted priorities of public sport and recreation centres funding. Typically, these campus sport centres were on smaller campuses and they cannot rely on student recreation and fitness fees to cover the financial obligations of the facility (Taylor et al., 2003). These facilities would rely on community memberships and other revenue streams to achieve desired revenue targets to meet facility expenditures.

#### *2.2.4 Drivers for sports and recreation facilities*

**Academics** - Academics was not the only reason for students to choose a certain university over the other. Recreation centres has been a major priority for students when deciding on the institution (Crow, Gonsoulin, & Phillips, 2001). Students desired the need of extracurricular activities outside of the classroom, which consisted of activities occurring at the campus recreation facility. The quality of the campus facilities has played an important role for students (Crow et al., 2001). Kampft et al., (2018), states that one in three students had decided on an institution from a positive experience with the campus recreation facility.

**Fitness and well-being** - The students' desire to choose an institution based on the quality of recreation campus facilities, can be understood through the impact on overall grade point average (GPA) for students. A study from Michigan State University found that, its students that had enrolled in a fitness membership at the campus recreation center had achieved a 13% higher GPA compared to that of non-fitness memberships (Ohio University, n.d.). Not only were campus recreation facilities important for improving GPA for students, but retention rates had increased by 14% from freshman to sophomores for those with a membership compared to non-members (Ohio University, n.d.). This indicates that campus recreation centers are of significant importance to post-secondary institutions for attracting and retaining students in a very competitive educational market.

**Income Opportunity** - Student recreation and fitness fees can provide a substantial income opportunity for post-secondary institutions with high student registration/enrollment numbers. This would indicate that student recreation and fitness fees would be a financial driver for campus recreation facilities. Student recreation and fitness fees along with community membership fees could be a revenue stream that provides financial self-sustainability (Taylor et al., 2003). The authors (2003) states that campus recreation centres in the United States had



accumulate 70-85 percent of their revenue from mandatory student fees. While revenue is important, not all Canadian Universities find it necessary to implement mandatory recreation fees, which Vancouver Island University does not have a mandatory fitness fee. Another financial driver for universities is the ability to host sport tourism events, which provide an economic impact to both the university and community.

**Architectural Showcase** - According to Taylor et al., (2003), campus sport facilities were used as an architectural showcase. This provided a boost in the public image of the post-secondary institution which had helped to drive recruitment of potential students while retaining existing ones. The goal of these facilities were to be a user-friendly, well-equipped, and be used as a social gathering place for students (Taylor et al., 2003). The architectural design attracted donors and funding to universities as well as it attracts memberships to the facility, as income is dependent on the attractiveness of the facility (Taylor et al., 2003). This has put pressure on the organization to provide quality experience to its membership (Taylor et al., 2003). Facility development or renovations need to accompany trends to recruit student athletes to their program's varsity programs, as well as potential sport tourism events.

**Political Drivers** - There are also political drivers within communities, as a portion of facilities are recognized as community sport and recreational facilities, such as the CJNSC. The facility provides services to the community, outside of the student membership. Also, due to public health concerns, facilities are built to help reduce obesity and other health conditions in the community (Taylor et al. 2003).

### *2.2.5 Campus Recreation Facility Funding*

Post-secondary institutions are spending huge sums of money to construct campus recreation and sports facilities to help attract and retain students (Kampf, Haines, & Gambino, 2018). The multi-million-dollar multi-purpose facilities are not built solely for athletes, as focus has changed to providing recreational opportunities to all students, faculty, staff, and various institutional communities due to the impact on student retention and funding for these facilities is a priority (Kampf et al., 2018; Stier, Schneider, Kampf, Wilding, & Haines, 2005). The evolution of sport and recreation facilities on campuses has shifted towards being managed through a financially responsible model (Stier et al., 2005). This evolution has moved significantly to campus recreation programs and student user fees supporting the facility compared to a university or college general fund (Stier et al., 2005).

Depending on the size of the campus student population, student user fees would have more of an impact on funding operations of a campus sport centre. Post-secondary institutions with smaller campus size, would need to rely on more than a dedicated student fee to fund ongoing operations of a sport centre due to a smaller amount of revenue being generated. Student recreation fees in Canada range from \$0 (Vancouver Island University, Nanaimo, BC) to upwards of \$140 per semester for a membership and fitness classes (University of British Columbia, Vancouver, BC). In the United States, responses from 269 schools stated that 62% of schools had no campus recreation fee that was funded through student governance and the larger the student body, the more likely a student fee had occurred (Stier et al., 2005).

Student fees typically do not cover the construction, maintenance and ongoing operating costs of these facilities and additional revenue streams are needed. Non-student memberships, facility programming, leased spaced, fundraising through corporate sponsorship were other

sources of revenue (Stier et al., 2005). Stier et. al (2005) found major revenue sources for post-secondary school's indoor facilities in the United States and Canada recognized below:

**Table 1**

***Post-Secondary Institution Revenue Streams***

Revenue Stream	Percentage of Funding
Student Fees	43%
Private Funding	17%
Other Sources	17%
Student Government Coffers	12%
State Funds	7%
Profit Centers	2%

*Source:* Adapted from The Financial and Facility Status of Campus Recreation Programs at NIRSA Colleges and Universities, by Stier, Schneider, Kampf, Wilding, & Haines (2005).

In the study, the other sources of funding included athletics, grants, capital funds, investments, current student fees, and operating budget dollars (Stier et al., 2005). Common business industries that sponsor campus recreation facilities were athletic equipment and apparel, beverage companies, insurance companies and restaurants (Scott, Veltri, & Wallace, 1999). Facilities that had sponsorship agreements had less outstanding debt compared to those facilities without sponsorship dollars (Scott et al., 1999). Sponsorship can be naming rights to a sports centre, which can provide a significant source of fixed income over the duration of the agreement. Ohio State University campus is an example of naming rights, which the Schottenstein Center sold naming rights for \$12.5 million over 75 years (U.S. Sports Academy, 2008).

## *2.3 Consumer Section*

### *2.3.1 Post-secondary students and benefits*

Post-secondary institutions offer their students access to their sports and recreation facility on campus through student center memberships. This provides students with cardiovascular, weight training equipment, snack areas, racquet sport courts, multipurpose gymnasiums, fitness programming, intramural sports, artificial sport space, aquatic centers and recreational programming (Crow, Gonsoulin, & Phillips, 2001). Student benefits from a campus sport centre include increased student performance in the classroom, socialization with other students, as well as overall health benefits (Crow et al., 2001).

### *2.3.2 General public and benefits*

Many campus recreation facilities offer memberships to faculty, alumni, and community members through access to their products and services for a fee (Crow et al., 2001). It is important for sports and recreation centres to be able to attract new clients and retain current members. The costs are significant for facilities to attract new members, as much as two and a half times more expensive to attract new members than to retain existing members (Hill & Green, 2012). Managers of these facilities need to understand the consumer needs and continually follow trends to attract the community to the facility.

The community benefit of a recreation centre has shown health and wellbeing benefits, confidence building, empowerment, social integration, cultural identity, and reduction in crime (Grieve & Sherry, 2012). Facility programs can increase many health-related benefits, such as reducing health issues, decreased medical costs, and greater physical and psychological wellbeing (Grieve & Sherry, 2012). There is also a community benefit through hosting sport

tourism, as it provides an economic benefit to the community through visitor spending, creation of jobs, and community exposure for future sport tourism opportunities.

## *2.4 Demographics Section*

### *2.4.1 Students and education*

In the article of Kampf, Haines, & Gambino (2018), education enrollment has declined, as fewer students are enrolling in post-secondary education. Due to this, it is important for institutions to attract and retain first year students for present and future. Student facility usage differs from residence students compared to students living off campus. Over 85% of students that lived on campus nationwide had participated in recreational sports compared to 62% of students living off campus had participated in recreational opportunities (Stier et al., 2005). Males had participated more often in recreational activities compared to females, as well as more freshmen compared to sophomores participated in recreational activities (Stier et al., 2005).

### *2.4.2 General Public Constraints*

There were many constraints for the general public to access campus sport and recreational facilities. Harrington, Jarvis, & Manson (2017), identified numerous barriers for children, parents, facility related barriers and environmental barriers. There was a correlation in higher household income and greater accessibility. Also, there was a strong connection to post-secondary education and accessibility.

Large urban communities have higher participation levels, which can be from accessibility to facilities compared to rural areas. There would also be a greater number of facilities in the large urban cities compared to small rural towns, which would create greater

accessibility to these recreation centers through different facility options and rates. Rural towns would not have the same transportation opportunities as large urban cities.

### *2.5 Public-Private Partnerships versus Private*

In Northern America, the term public-private partnership is commonly known as an agreement between a public and private entity, which can be for profit or non-profit and the private entity manages and facilitates the public service (Savas, 2000). This is common in the sport and recreation industry, as many previous public service facilities are now operated by private organizations through privatization. Sport facilities that are privately financed and managed, are often focused on a profit generating business (Fried, 2010). A government owned and operated facility is typically not bottom-line focused, as there is more concern with providing a benefit or service to the community compared to revenue focus (Fried, 2010). The main difference from private and public facilities is that private facilities can operate at a financial loss, but it will not be able to withstand the loss long term (Fried, 2010).

The public and private sectors partner together to provide physical activity to improve the lives of those in the community (McCarville & MacKay, 2007). There are significant differences for funding in the public-private sector compared to the private sector. According to the authors, the public sector provides additional revenue streams through government funding opportunities, such as revenue through taxes, which would not be accessible as a private facility. They further claim that the private sector is dependent on the membership fees, user fees, grants and subsidies, and registration. The major difference in business strategy for the two sectors are that, public-private partnerships typically agree on providing recreation opportunities for all while the private sector focuses on the niche markets. The private and commercial sector can be defined as recreation-related products and services offered by private companies for a fee with a long-term

intention of being profitable (Jamieson, 2006). By charging for the services, this allows the company to meet its financial obligations to maintain operations (McCarville & MacKay, 2007).

In Canada, local governments have been pushed to operate sport and recreation facilities with strategic planning (Cousens, Babiak, Bradish, 2006). Due to the financial constraints of operating a facility, along with the growing need of quality facilities and programs, partnerships between public, private, and non-profit organizations have emerged (Cousens et al., 2006).

The public sector benefits as it is not required to operate the facility, while the private organization has benefited financially through government grants, low interest loans, favorable tax treatment, and other subsidies (Savas, 2000). These partnerships provide value to the community through better facilities, financial capital, and expert knowledge, which provides better-quality programs and experiences to the consumer.

## *2.6 Sport tourism and economic impact*

The economic impact from sport tourism opportunities can be defined as a net change in economy from the hosting of a sporting event (Lee, 2008). This economic impact arises from visitor spending such as hotel rentals, restaurant business, shopping, among many others (Lee, 2008). It also provides tax revenue and creates additional employment opportunities (Lee, 2008). These events not only provide an economic impact to the region that it is hosted, but it provides additional revenue to the facility that is hosting the event through facility rentals, sales of additional services and products, and potential future business.

There are three elements that contribute to the visitor spending in sport tourism, which are indirect effects, induced effects, and direct effects (Lee, 2008). The direct effects are the purchases made by visitors in the community, such as purchasing rental space in a sports center (Lee, 2008). The indirect effects are the redistribution of the direct effects, such as the sports

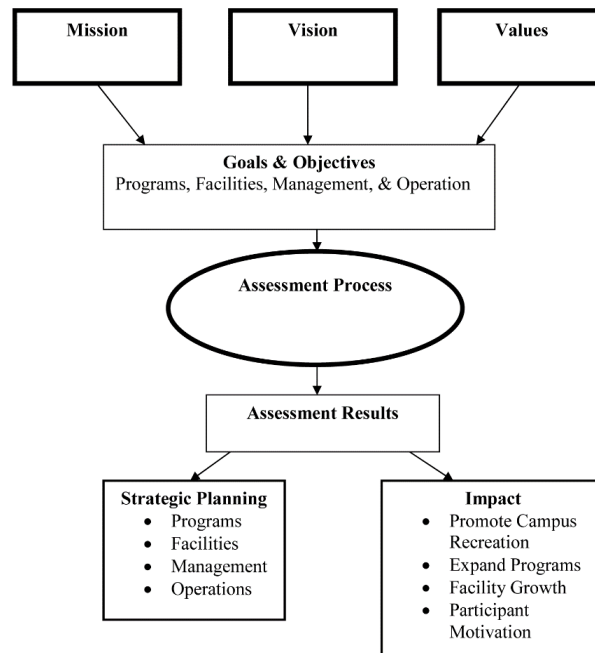
center purchasing sport equipment locally for the sport tourism event (Lee, 2008). The author further states that the induced effect is an increase of employment opportunities in the region, which would ultimately increase household income in the region.

## *2.7 Strategy Planning Framework*

According to Poister (2010, p. 247), “strategic planning takes a big picture approach that blends futuristic thinking, objective analysis, and subjective evaluation of values, goals, and priorities to chart a future direction and courses of action to ensure an organization's vitality, effectiveness, and ability to add public value.” For campus sport centres, their strategic planning should align with that of the university’s values and vision (Lower-Hoppe et al., 2019). Lower-Hoppe et al. (2019) suggests that campus recreation serves students through quality experiential programs and facilities to a diverse group of students. A source that can be used with the strategic planning process is to incorporate the campus recreation assessment tool.

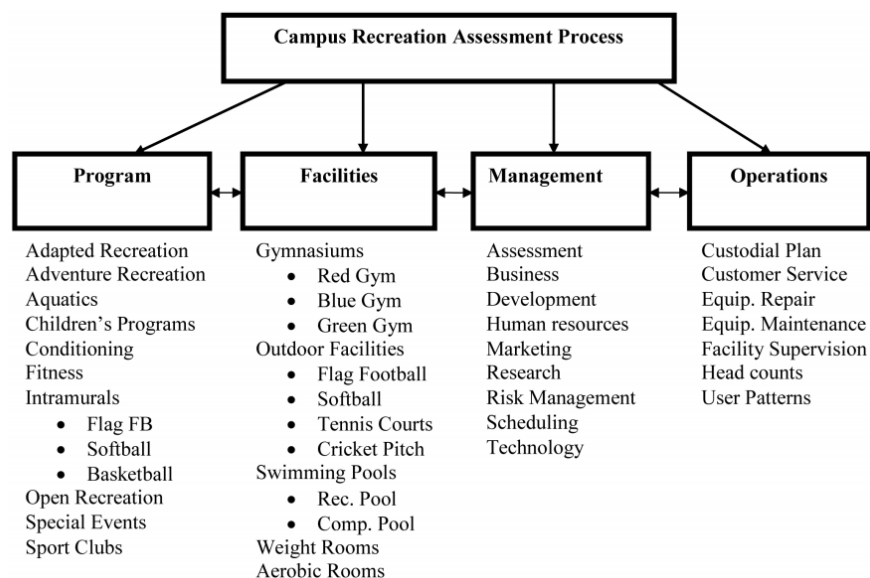
The campus recreation assessment can be an important tool for strategic planning within campus sport centres. Haines (2010), defines campus recreation assessment tool as an ongoing process of gathering information, examining data and information that is used for promotion and improvement of campus recreation programs, facilities and services. Its sole purpose is to use the results and prove the benefits for participation (Haines, 2010). Other uses for the assessment tool are for forecasting, determining areas needing improvement, and validate need for additional programming and facilities (Haines, 2010). Figure 2 shows a sample assessment process for campus sport centres:





**Figure 2: Recreation Assessment Process, Step 1. Reprinted from *The Campus Recreation Assessment Model* (p. 132) by Haines, 2010. *Recreational Sports Journal*.**

According to Haines (2010), the first step is the institution's mission, vision, and values that determine the goals and objectives for the programs, facility, management and operations. These goals and objectives are then analyzed deeper by determining the differences among the programs, facilities, management or operations. The figure below shows the goals and objectives being analyzed:



**Figure 3: Recreation Assessment Process, Step 2. Reprinted from *The Campus Recreation Assessment Model* (p. 133) by Haines, 2010. *Recreational Sports Journal*.**

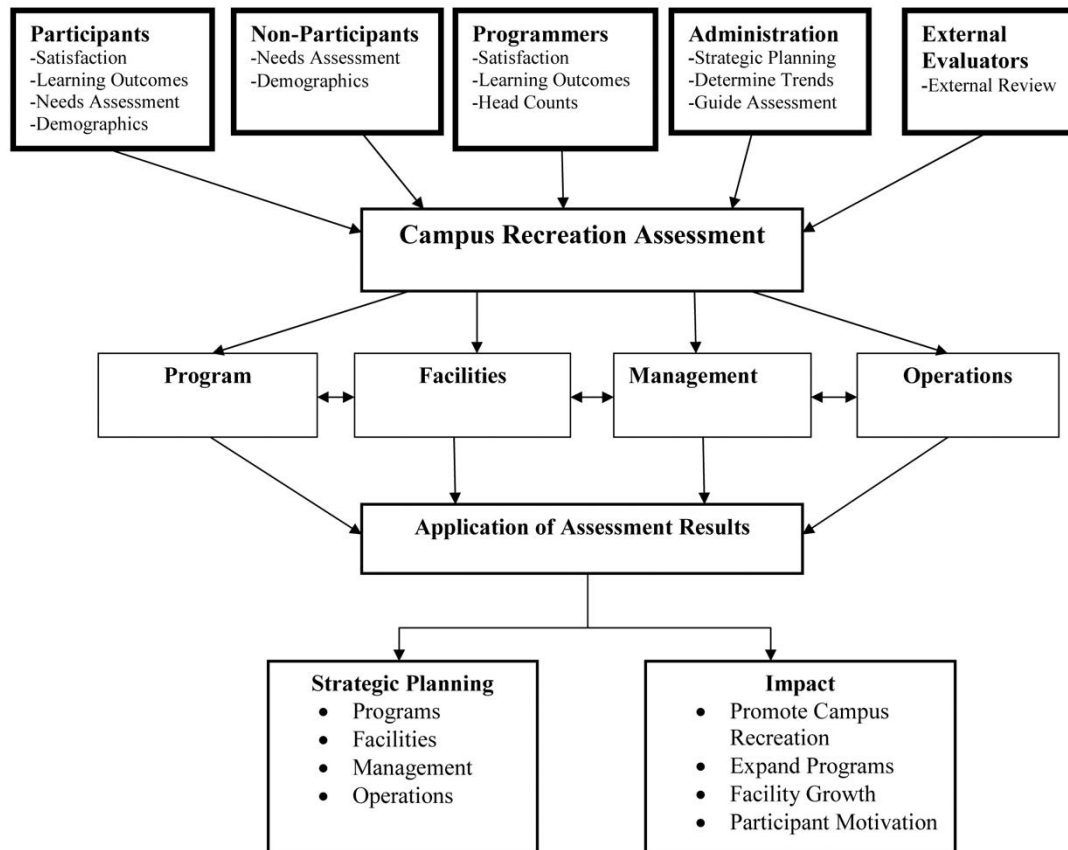
Depending on the campus sport centre, there can be several different spaces. For example, the facility could have an area with an indoor track and a gymnasium floor. This means that each space would need to be assessed differently as there are different needs for each space and the component cannot be assessed as a whole (Haines, 2010). The same principles apply to programming, as a studio used for fitness classes would be assessed differently than a gymnasium space for intramural sport programming.

The last figure on the assessment tool shows a comprehensive assessment program should receive feedback from different groups of people and they should be both affiliated and not affiliated to the facility (Haines, 2010). The suggested five groups for feedback include:

1. Participants (known as customers)
2. Non-Participants (not current customers)
3. Programmers (administrator of campus recreation programs)
4. Administration (managers and programmers of facility)

5. External Evaluators (campus recreation professionals not affiliated with assessment)

Shown in the figure below, is the structure of the campus recreation assessment and how to utilize the tool to get positive results:



**Figure 4: Recreation Assessment Process, Step 3. Reprinted from The Campus Recreation Assessment Model (p. 135) by Haines, 2010. Recreational Sports Journal.**

The campus recreation assessment can be a valuable tool for campus sport centres that have recently built a facility or if a campus sport centre is seeking to change strategic direction.

## 2.8 Conclusion

The change in focus of post-secondary institutions to build multi-use sport facilities compared to singular sport stand-alone facilities has provided institutions with an asset to attract and retain students to their academic programs and athletes to their varsity sport programs. It is

evident that campus sport centres play an important role of the future of post-secondary institutions.

This chapter provided a brief overview of the main topics covered in this study. It focused on the history of university sport and recreational centres and the evolving changes and trends of these revenue generating facilities. It provided key drivers for campus sports and recreation centres. Facility funding options and the abilities of being a private versus private public facility has their benefits. Other areas of focus were the consumer needs and wants, along with demographics and sport tourism. The last area of focus was on the Campus Recreation Assessment Process, which can be used to analyze service areas that need improving, such as programming services, fee structures, and pricing strategy. This leads into chapter three which focuses on the case organization of the study - the CJNSC.

## CHAPTER THREE – CASE ORGANIZATION- THE CHARLES JAGO NORTHERN SPORT CENTRE

### *3.1 Introduction*

The CJNSC at UNBC was the case organization for this study. The recommendations of this study if implemented will support the CJNSC, provide guidance, and information to support future business strategies to other similar sport and recreation facilities in post-secondary institutions.

The CJNSC is a 145,000 square foot facility located on the campuses of UNBC in Prince George, BC (Charles Jago Northern Sport Centre, 2019). It is considered a multi-use facility that offers three gymnasium spaces, two indoor artificial turf fieldhouses, two squash courts, 280m track, multiple spaces for fitness spaces, physiotherapy centre, food and beverage business, and a conference room (Charles Jago Northern Sport Centre, 2019). CJNSC serves City of Prince George residents and outside communities, staff, faculty and students of UNBC. Of these consumers, all are paying customers through membership fees except for UNBC students. UNBC students pay a recreation and fitness fee, but this fee is collected by UNBC and it does not go to CJNSC.

### *3.2 Background and Purpose of CJNSC*

The CJNSC was built in 2007 to create a regional centre of sport excellence for Northern British Columbia (NBC). The funding partnership for the development and creation of the facility was through the City of Prince George, the University of Northern British Columbia (UNBC), the Spirit of BC Prince George Community Committee, and PacificSport (Partnerships British Columbia, 2007). The purpose of the facility was to bring athletes, coaches and

communities together to foster a culture of excellence by integrating sport and education (Partnerships British Columbia, 2007).

### *3.3 Administration, Funding and Operation*

The CJNSC is overseen by the Northern Sport Centre Limited (NSCL). It is managed by a board of directors, which is comprised of UNBC staff, City of Prince George staff, UNBC student society group member, and community members. Currently, UNBC and the City of Prince George both provide equal funding of \$300,000 annually which accounts for 25% of the operating budget for the CJNSC (City of Prince George, 2018). If the City of Prince George was to remove their funding and allocate these funds elsewhere throughout the region, UNBC would solely be responsible for the operation and funding of the facility and a new strategic plan would be a necessity to be successful in its financial sustainability.

The City of Prince George plans to allocate \$24,377,550 to its five-year capital planning strategy for Civic Facilities and Recreation and Culture (City of Prince George, 2018). Over the five-year capital planning strategy, the City of Prince George funding to the CJNSC would accumulate to \$1,500,000, as the investment is \$300,000 annually. By removing the CJNSC funding, this would provide them with financial support to pay for multiple aging civic facilities that need reconstruction or renovations.

The funding that the City of Prince George provides, comes from the Recreation and Culture department in figure five and can be seen through expenditures Northern Sports Centre at UNBC (City of Prince George, 2018).

The CJNSC is seeking to develop a new strategic plan, that will support the long-term success of the facility. This strategic plan will have a focus on operating the CJNSC without the government funding from the City of Prince George. A strategic plan is important for the CJNSC

and will be a focal point of this research project to explore the benefits of having a strategy that leads to financial self-sustainability and future success.

<b>Service Category Summary</b>					
<b>Community Partnerships</b>					
	2017 Actual (AA)	2017 Bylaw (UB)	2018 Bylaw (UB)	2019 Proposed (UX)	Budget Change 2019 vs 2018
<b>Revenues</b>					
Community Enhancement Grants	(3,800)	0	0	0	0
Comm.Serv. Special Events	(276,000)	0	0	0	0
Community Heritage	(268)	0	0	0	0
Event Hosting	(2,247)	0	0	0	0
Pine Valley Golf - Operations	(55)	(1,700)	(1,700)	(1,700)	0
Active Living Guide	(20,380)	(22,270)	(22,940)	(22,940)	0
Community Partnerships Ops.	(8,980)	(5,190)	(5,190)	(5,190)	0
Community Partnerships Admin.	(1,482)	0	0	0	0
<b>Total Revenues</b>	<b>(313,212)</b>	<b>(29,160)</b>	<b>(29,830)</b>	<b>(29,830)</b>	<b>0</b>
<b>Expenditures</b>					
Scholarships & Bursaries	3,000	3,000	3,500	3,500	0
Volunteer Grants	11,300	11,300	11,300	11,300	0
Active Living & Healthy Eating	4,700	5,000	5,000	5,000	0
Community Enhancement Grants	25,979	22,650	22,650	16,000	(6,650)
Community Street Banners	24,944	25,000	25,000	25,000	0
Comm.Serv. Special Events	280,678	0	0	0	0
Community Heritage	8,246	7,000	6,990	6,990	0
Community Flower Baskets	51,255	51,250	51,250	57,850	6,600
Event Hosting	277,868	35,100	35,100	41,127	6,027
Pine Valley Golf - Operations	0	3,520	3,520	3,520	0
Northern Sports Ctr at UNBC	300,000	300,000	300,000	300,000	0
Sport Event Grants	27,635	0	0	3,591	3,591
Active Living Guide	28,312	27,320	27,310	27,310	0
Community Partnerships Ops.	70,525	66,800	41,800	42,312	512
Community Partnerships Admin.	772,354	816,923	845,172	873,402	28,230
<b>Total Expenditures</b>	<b>1,886,796</b>	<b>1,374,863</b>	<b>1,378,592</b>	<b>1,416,902</b>	<b>38,310</b>
<b>Debt</b>					
<b>Total Debt</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Transfers</b>					
Community Street Banners	113	0	0	0	0
Comm.Serv. Special Events	(4,797)	0	0	0	0
Community Heritage	23	0	0	0	0
Event Hosting	(240,110)	0	0	2,500	2,500
Sport Event Grants	(27,635)	0	0	0	0
Active Living Guide	(6,490)	(3,500)	(3,500)	(6,600)	(3,100)
Community Partnerships Ops.	3,138	8,000	8,000	6,000	(2,000)
Community Partnerships Admin.	1,158	1,578	1,580	0	(1,580)
<b>Total Transfers</b>	<b>(274,599)</b>	<b>6,078</b>	<b>6,080</b>	<b>1,900</b>	<b>(4,180)</b>
<b>Revenues - Asset Maintenance</b>					
<b>Total Revenues - Asset Maintenance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Expenditures - Asset Maintenance</b>					
<b>Total Expenditures - Asset Maintenance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Transfers - Asset Maintenance</b>					
<b>Total Transfers - Asset Maintenance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Operations</b>	<b>1,298,985</b>	<b>1,351,781</b>	<b>1,354,842</b>	<b>1,388,972</b>	<b>34,130</b>

**Figure 5: City of Prince George Service Category Summary. Reprinted from the 2020-2024 Financial Plan for the City of Prince George (p. 31).**

The CJNSC is operated by the UNBC staff, and CJNSC staff are employees of UNBC. The CJNSC provides 16% of revenue back to UNBC to provide funding for administrative support of the CJNSC (personal communication, January 20, 2020). As seen in the table two, UNBC provides the CJNSC with a portion of the student recreation and fitness fees and the difference of funds stays with UNBC as additional revenue. Over the past 12 years of operations,

the CJNSC could have accumulated an additional \$961,674, or on average \$80,140 a year, which could help in supporting a financially self-sustaining campus sport centre.

**Table 2**

***UNBC Student Recreation and Fitness Fees by Year, 2008-2019***

Year	Total UNBC Recreation/Fitness Fees	UNBC Contribution	Difference in Fees
2008	360,174	300,000	60,174
2009	407,035	300,000	107,035
2010	400,915	300,000	100,915
2011	394,796	300,000	94,796
2012	393,323	300,000	93,323
2013	397,760	300,000	97,760
2014	384,126	300,000	84,126
2015	356,440	300,000	56,440
2016	351,663	300,000	51,663
2017	353,214	300,000	53,214
2018	374,027	300,000	74,027
2019	388,201	300,000	88,201
Total	4,561,674	3,600,000	961,674

*Note.* Raw data received from UNBC Finance Office for purpose of this study.

### *3.4 Vision of the CJNSC in 2007*

CJNSC vision was to build a facility that improves regional and community sport and recreation opportunities (Partnerships British Columbia, 2007). The CJNSC intended to provide a centre that supports both UNBC and the City of Prince George in providing athletic and recreational opportunities in the community (Partnerships British Columbia, 2007). It was intended to be a regional centre of sport excellence that would support UNBC to attract and assist students and athletes in NBC and integrate education, health, sport, and wellness for NBC (Partnerships British Columbia, 2007).



By fulfilling the vision, the centre would help to address the need for competitive sport, recreation and wellness through programs and services (Partnerships British Columbia, 2007). It was built to become a hub for growth and development of local sport communities which includes athletes, parents, coaches, and officials (Partnerships British Columbia, 2007). The centre was built to provide economic benefits for NBC and the City of Prince George through future sport hosting opportunities (Partnerships British Columbia, 2007). The Centre was expected to contribute to the growth and development of Prince George and the surrounding region by supporting sport tourism and providing a lasting legacy to the 2010 Olympic and Paralympic Winter Games (Partnerships British Columbia, 2007).

In 2019, the vision was, “through superior service our dedicated team aspires to deliver leadership in sport development, fitness education, and programming. We inspire a community to embrace health and wellness” (Charles Jago Northern Sport Centre, 2019. P. 1). The original vision of becoming a regional centre of sport excellence has not come to fruition as there are limited opportunities for developing athletes, coaches, officials and parents. The vision shifted heavily to increasing the community membership capacity, as revenue was a key driver for the future maintenance of CJNSC. With the general public membership accounting for 57% of total revenue, it has been key to the success of the facility in terms of financial management.

### *3.5 CJNSC Operation in 2019*

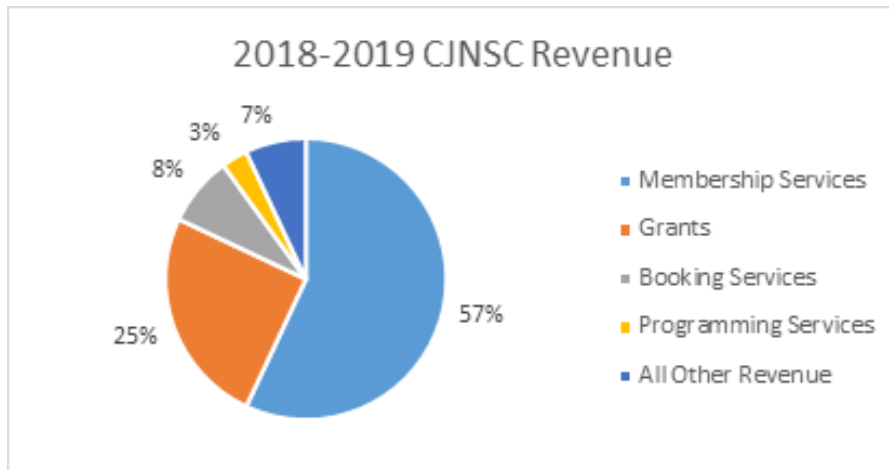
The CJNSC original strategic plan has outlived its usefulness especially with potential reduction in City of Prince George funding. Therefore, a new plan should be developed to ensure the facility is operating as a business entity rather than its reliance on government funding. The community membership numbers have been between 3,500-4,400 monthly with an additional 3,500 UNBC students, for a total of 7,000-7,900 total members.

For facility bookings, which includes two indoor artificial turf fields and three gymnasium courts, there were a total of 22 local sport organizations (LSO's), nine sport academies/private schools, and UNBC department and Athletics that occupy space. LSO's booked 2,800 hours in the facility spaces, with 21 of the 22 LSO strictly using the turf fieldhouse space. The academies/private schools booked 1,227 hours in facility spaces, with four of the seven groups strictly using the turf fieldhouse space. The UNBC Departments and Athletics booked 5,400 hours in the facility, with over 75% of the hours being booked in the gymnasium space. There is no cost to booking space for UNBC at the facility, as it is a part of the sponsorship agreement with the NSCL board.

The CJNSC has three leased tenants, which include a local physiotherapy business, a local health food and beverage business, and Engage Sport North. Engage Sport North is a multi-sport organization in NBC that is dedicated to progressing sport participation and excellence in the region. These strong partnerships are key for the success of the facility and provides an opportunity for growth if strategic plans are aligned together.

### *3.6 CJNSC 2019 Financial Position*

Internal financial documents from UNBC show the key financial contributions to the CJNSC are from facility membership sales, generating 57% of the total revenue and sponsorship/grants accumulating 25% of the total budget. The chart below shows the total breakdown of the revenue streams.



**Figure 6. 2018-2019 CJNSC Revenue. Adapted from raw data of CJNSC internal financial database.**

If the City of Prince George removes their financial commitment to the CJNSC, the 12.5% contribution to the budget would need to be generated through new services and programs or through the four key business units operating within the CJNSC (UNBC, 2019). These include member services, programming services, booking services, and event services. Service opportunities that could exist include: sport nutrition, sport psychology, corporate wellness, sport training destination, training development (yearly), concussion testing, facility space sponsorship (indoor track, turf fieldhouse, gymnasium), among many others. In regard to expenses, the CJNSC has contributed 70.1% of total expenditures to wages for UNBC exempt staff, UNBC union staff, contracted janitorial services, and UNBC administration fees (University of Northern British Columbia, 2019). Over the past 11 years of existence, the CJNSC has contributed annually between \$31,000 to \$311,338 to their capital reserve budget (University of Northern British Columbia, 2019). Without the contribution from the City of Prince George, a contribution to the CJNSC capital reserve wouldn't have occurred.

### *3.7 Analyzing the CJNSC*

This is an ideal case for the project as the goal is to provide a strategic plan that would eliminate the use of municipal funding to operate a sport and recreation facility. The facility has the potential for success without government funding and this study would look at different opportunities and strategies for revenue generation towards financial self-sufficiency, while ensuring operational efficiencies. Due to the unique structure of the NSCL board, analyzing the facility would be insightful for similar post-secondary institutions as well as other public facilities. The goal would be to provide UNBC with the ability to reduce financial obligation to support the operations of the facility, as well as eliminate contribution from the City of Prince George.

### *3.8 Conclusion*

The CJNSC has many financial decisions to make to ensure future success. This would be analyzed in chapter four. If the City of Prince George removes its funding in the future, it is important to understand areas of growth for existing and new revenue streams, as well as opportunities to reduce expenses. Chapter three analyzed the current financial information and operations of the CJNSC. It was determined that a few key CJNSC financials are important for future success which included the CJNSC community memberships revenues and the CJNSC wage expenditures. Without City of Prince George funding, it would be important for the CJNSC to increase new and existing revenue streams and reduce wage expenditures to the industry average.

## CHAPTER FOUR – ANALYSIS AND FINDINGS

### *4.1 Introduction*

Chapter three provided an introduction and analysis to the case organization - CJNSC at the UNBC. This chapter will analyze post-secondary institution industry averages, previous CJNSC customer surveys, CJNSC financials including capital reserves investments, UNBC internal financial reports and CJNSC wages. The methodology adopted for this research was the case study of the CJNSC at the UNBC. The strategy was to analyze several different areas of the CJNSC business operations and consider potential areas of growth. This was achieved through analyzing CJNSC internal document, UNBC internal documents and two customer service satisfaction surveys. The two customer satisfaction surveys were primary data for this study and were conducted for CJNSC business purposes:

1. 2019 CJNSC Public Engagement Survey
2. 2020 CJNSC Membership Survey

The 2019 CJNSC Public Engagement Survey was a CJNSC internal survey and its results were used to help analyze the needs and wants of the consumer. The 2020 CJNSC Membership Survey was another CJNSC internal survey which focused solely on CJNSC members, excluding the UNBC student members. It is suggested that a future survey should occur for UNBC student memberships, especially if there is a removal of government funding. The CJNSC internal documents will help in understanding if there is a need for additional revenue streams and if there is a possibility in reducing expenses.

The 2019 customer surveys were obtained through CJNSC internal documents and the surveys were compiled by a select number of students from a public engagement class at UNBC. The CJNSC was considered a classroom client for the public engagement survey. There was a

total of 119 surveys completed through paper surveys and they were completed by patrons in the CJNSC lobby. The 2020 survey were completed by the UNBC Business Services department, through survey monkey, and it targeted 3,292 total members and 880 members completed the survey. As the CJNSC does not receive student recreation and fitness fees from UNBC, students were not surveyed, so it was targeted at only paying CJNSC members. Future surveys of UNBC students should be completed if CJNSC receives the full student recreation and fitness fees in the future. This will be included in recommendations within the conclusion of the research.

Survey one and two focused on member satisfaction levels for the facility and services. The outcome of this section provided the needs and wants of the consumer, as well as potential revenue streams through analyzing UNBC internal documents and CJNSC internal documents. This should provide critical information for the CJNSC to start the strategic planning process for the CJNSC.

#### *4.2 CJNSC Expenditures Compared to Canadian Industry*

The CJNSC major expenditure for its operational budget was salaries of staff (both exempt unionized, and contractors) who operate the facility. This cost accounted for 70.1% of total expenditures and broken down into CJNSC staff, group fitness and personal training, UNBC staff and janitorial. Group fitness and personal trainers are contractors who are employed through an annual contract to provide personal trainer and fitness programming services. UNBC staff wages consist of fees paid back to UNBC for payroll services, human resource services, facility operation and planning services, among other departmental needs. The janitorial wages are contracted by a cleaning service provider, which provides 24 hours a day cleaning services for the facility. Salaries and wages spent annually on these categories are as follows:

**Table 3*****2018-2019 CJNSC Wages Year End Expenditures***

Type of Expenditure	% of Total Expenses	Amount in Dollars
CJNSC Staff Wages	38.1%	\$827,000
Group Fitness/Personal Trainers	6.2%	\$135,000
UNBC Staff Wages	15.2%	\$330,000
Janitorial Wages	10.6%	\$230,000
Total Expenses for Salaries & Wages	70.1%	\$1,572,000

*Note.* Data for staff salaries and wages based on the service provider, obtained from CJNSC internal financial database

In the 2017 financial performance report from fitness and recreational sport centres in Canada, it showed that the CJNSC performed within the top quartile (25%) for revenue, which was between \$311,000 to \$5,000,000 (Government of Canada, 2018). CJNSC revenue for 2018-2019 was \$2,365,000 - significantly higher than the top quartile average revenue of \$826,300. The average net profit was also \$59,800 for businesses in the top quartile, which also shows an increase in net profit from the bottom quartile to the top quartile (Government of Canada, 2018). At the end of fiscal year 2016-2017, the CJNSC was below the average profit and ended with \$39,000 profit. In the performance report, 72% of all sport and recreational facilities were profitable and 6,984 total establishments' submitted financials, and 97.5% of the organizations had under 100 employees (Government of Canada, 2018).

In regard to wage average for the top quartile, the following areas were comparable to CJNSC year-end expenditures for salaries and wages. The total expenditures for 2017 were \$766,500:

**Table 4**

***Canadian Sport and Recreation Facility Expenditure Average for Top Quartile***

Expenditure Average in Top Quartile in Canada	% of Total Expenses	Amount in Dollars
Wages and Benefits	4.0 %	\$31,200
Labor and Commissions	32.2%	\$247,000
Other Expenses	13.7%	\$104,700
Total Expenses for Top Quartile	49.9%	\$382,900

*Note.* Data for sport and recreational facilities expenditures based on the top quartile of revenue from Government of Canada (2018)

It is important to note that other expenses consist of bad debts, laundry, janitorial expenses, business taxes, licenses, membership expenses, insurance expenses, office expenses, plus many other expenses (Government of Canada, 2018). Other expenses are a starting point for janitorial wages, but it consists of many other fees and expenses not related to wages. This indicates that other expenses will most likely not be an exact value for janitorial wages but will have janitorial fees included. For this analysis, it would be included as janitorial fees, but it can be expected that the total expenses for the top quartile would actually be lower.

The combination of total expenses for wages for the CJNSC is more than 20% higher than that of the industry average. As cutting wages is a short-term solution to a problem, this



would mean that cutting wages is not a strategic direction for the CJNSC, but potentially would be an area to utilize staff more efficiently to provide additional service opportunities.

#### *4.3 CJNSC Revenue and Capital Reserve Investments*

The capital reserve report is below for CJNSC in table five. Any profit that were generated by the CJNSC were invested to the Northern Sport Centre Limited (NSCL) capital reserve account. The capital reserve fund is used for facility capital projects and future maintenance of the CJNSC. It is interesting to note that if the City of Prince George funding (\$300,000 annually) were removed, the only fiscal year (April 1, 2008 to March 31, 2009) would have exceeded \$300,000 investment into the capital reserve. This would indicate that only one of the 12 years of operations would have been profitable if the annual government funding was not provided. Under the current revenue structure and direction, the City of Prince George grant is vital for the future success of the CJNSC.

**Table 5**  
***CJNSC Capital Reserve Investment from 2008 to 2019***

CJNSC Fiscal Year	Investment in \$'s to Capital Reserve
April 1, 2007-March 31, 2008	\$ 90,000
April 1, 2008-March 31, 2009	\$ 311,339
April 1, 2009-March 31, 2010	\$ 159,977
April 1, 2010-March 31, 2011	\$ 91,981
April 1, 2011-March 31, 2012	\$ 39,503
April 1, 2012-March 31, 2013	\$ 246,592
April 1, 2013-March 31, 2014	\$ 39,246
April 1, 2014-March 31, 2015	\$ 31,742
April 1, 2015-March 31, 2016	\$ 113,664
April 1, 2016-March 31, 2017	\$ 39,049
April 1, 2017-March 31, 2018	\$ 126,088
April 1, 2018-March 31, 2019	\$ 220,266

*Note.* Data for capital reserve investments obtained from CJNSC internal financial database

The CJNSC revenue streams consist of the following major revenue sources; membership services, funding, booking services, programming services, and other revenue. Membership to the facility consists of only the general public memberships, which consists of approximately 4,000. One membership type that would provide significant revenue for CJNSC would be the UNBC student intramural recreation and fitness fee. This fee is charged to students each semester at a rate of \$59.00 and provides students with a CJNSC membership for the entire semester - for free fitness classes, free drop-in sports and intramural recreation organized activities. This fee is not a revenue stream for CJNSC, but for UNBC. According to NIRSA (2013), memberships are a fundamental service and primary revenue stream for campus recreation centres. If UNBC is able to attract 3,000 students for both fall semester and winter semesters and redirect funds, it would generate \$354,000 for the CJNSC and will cover the revenue removed from the municipal funding. The larger the size of the student base, the more significant the contribution would be from the students. Post-secondary institutions with smaller campus sizes would be less reliant on student fees to fund operations and would need other revenue sources to cover expenses to operate a facility (Stier et al., 2005). Post-secondary institutions that utilized a student recreation and fitness fee, had student fees contributing 43% of all revenue to operate the facility (Stier et al., 2005).

#### *4.4 Membership Structure and Revenue Opportunities*

Campus sport centres use facility memberships as a primary source of revenue, which would include student, faculty, staff, and in some instance's community memberships (NIRSA, 2013). According to NIRSA (2013), post-secondary institutions have begun offering services to non-students, such as faculty, staff members and community members. Also, the pricing strategy for this membership service should be equal to or higher than that of its students (NIRSA, 2013).

Student memberships are typically paid through student tuition, and this provides students access for the semester of tuition paid (NIRSA, 2013). According to NIRSA (2013), post-secondary institutions offer continuing student memberships, which offers students access to the facility during semesters that they are not enrolled (typically summer months) for the same fee as they would during the semester. This process is currently followed by the CJNSC, as the facility does offer the same rates for students during the summer months, but some institutions offer the rate for students that take a semester off as well, if they are able to prove their enrollment for the previous semester and the following semester (NIRSA, 2013). The CJNSC could include this in their future pricing strategy, to provide a competitive advantage through their pricing.

In the case of CJNSC, UNBC student recreation and fitness fees are not provided to the CJNSC and instead UNBC provides a flat fee of \$300,000 of funding to the facility annually. This means that CJNSC needs a strong presence of community memberships. These community memberships are targeted to non-student members of campus recreation facilities and they are charged a higher fee than that of students (NIRSA, 2013). Most campus recreation centres charge an initiation or administration fee to those that are not student members (NIRSA, 2013). CJNSC does not currently charge an administration fee to its members, which could be another potential area of growth for revenue. CJNSC uses the 'no administration fees' as a marketing tool for promoting the facility as accessible and affordable. This is an area for potential added revenue for the CJNSC. CJNSC has between 3,000-5,000 community memberships, and with an administration fee of \$50, which the YMCA of Brandon, Manitoba currently charges, this would provide potential revenue of \$150,000-\$250,000 (YMCA of Brandon, 2020). The CJNSC also promotes flexible memberships, as members can cancel their membership after three months without any cancellation fees. This could be another area for revenue growth as the CJNSC could

add this additional fee. By adding both the administration and cancellation fees, these two, if implemented should help increase revenues to the \$300,000 target.

#### *4.5 CJNSC User Group Facility Bookings and Revenue Opportunities*

The \$300,000 funding from UNBC fee covers the costs for all UNBC student membership, UNBC athletics games, UNBC varsity practices, and UNBC department bookings.

**Table 6**

#### *CJNSC Facility Booking Hours and Estimated Value*

Type of Booking	Hours Booked (Apr 2018-Mar 2019)	Estimated Value
UNBC Athletics Bookings Includes: <ul style="list-style-type: none"> <li>• UNBC Basketball Games</li> <li>• UNBC Summer Camps</li> <li>• UNBC Intramurals</li> </ul>	1,465	\$98,000
UNBC Athletic Practices Includes: <ul style="list-style-type: none"> <li>• UNBC Men's Basketball Team</li> <li>• UNBC Women's Basketball Team</li> <li>• UNBC Men's Soccer Team</li> <li>• UNBC Women's Soccer Team</li> </ul>	2,105	\$180,000
UNBC Departments Includes: <ul style="list-style-type: none"> <li>• Convocation</li> <li>• (2) Exam Periods</li> <li>• Student Orientation</li> </ul>	1,739	\$117,000
<b>Total</b>	<b>5,309</b>	<b>\$395,000</b>

*Note.* Data for CJNSC potential loss of revenue from UNBC bookings. Hours booked were obtained from CJNSC booking database and estimated value determined from hours booked multiplied by Figure 7 facility rates.

### Facility Rental Rates (Effective September 1, 2019)

\*\*\*Rates do not include tax (GST-5%)\*\*\*

Category	Discount			Field	Gym	Track	Studio	Meeting
Rental	0%	Prime	100%	\$130.96	\$89.60	\$48.23	\$34.46	\$27.57
	0%	Non-prime	85%	\$111.31	\$76.15	\$40.99	\$34.46	\$27.57
Youth Community	50%	Prime		\$65.47	\$44.80	\$48.23	\$34.46	\$27.57
	50%	Non-prime		\$55.65	\$37.77	\$40.99	\$34.46	\$27.57
Adult Community	25%	Prime		\$98.22	\$67.20	\$48.23	\$34.46	\$27.57
	25%	Non-prime		\$83.48	\$57.12	\$40.99	\$34.46	\$27.57
UNBC NUGSS	65%	Prime		\$45.84	\$31.37	\$48.23	\$34.46	\$27.57
	65%	Non-prime		\$38.96	\$26.66	\$40.99	\$34.46	\$27.57

**PRIME** Weekdays after 4:00pm; all day Saturday and Sunday; holidays

**NON-PRIME** Weekdays before 4:00pm

**RENTAL "HOURS" ARE FOR A PERIOD OF 55 MINUTES; NOT 60 MINUTES.**

**RENTAL SPACE INCLUDES:**

*Gymnasium* - floor, fixed equipment (hoops, standards, nets), use of change rooms

*Field House* - floor, fixed equipment (goals, player benches), use of change rooms

*Track* - general use of track, cardio equipment, use of change rooms (exclusive use will be negotiated eg. track club)

*Studio* - floor, sound system, mats, use of change rooms (No Prime/Non-Prime or Off-season - do provide the group discount)

*Meeting Room* - floor, tables, chairs, use of change rooms (No Prime/Non-Prime or Off-season - do provide this group discount)

"EXTRA COSTS" - include staffing, set-up, take-down, cleaning, equipment, changeover etc.

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**Figure 7. CJNSC Facility Booking Rates. Reprinted from Charles Jago Northern Sport Centre (2019)**

For the 2018 to 2019 fiscal year, UNBC provided funding of \$300,000 to cover the following costs:

- UNBC Facility Bookings - \$395,000
- UNBC Student Membership Fees - \$388,201

This would total \$783,201 for total potential revenue, which would be a difference of \$483,201 from the \$300,000 UNBC funding. This does not include the UNBC internal transfer that the CJNSC provides to UNBC for staffing costs (Finance, Payroll, Facilities, Human Resources, etc.) of \$330,000 and Ancillary Services transfers of \$57,000. The \$330,000 is

derived from 16% of the total revenue generated from the CJNSC in that fiscal year, which is sent back to UNBC to offset UNBC staffing costs.

- UNBC Facility Bookings - \$395,000
- UNBC Student Membership Fees - \$388,201
- UNBC Internal Transfer - \$330,000
- UNBC Ancillary Services Transfer - \$57,000
- Total - \$1,170,201 of expenses/lost revenue and \$300,000 of funding from UNBC.

UNBC views the annual funding of \$300,000 to CJNSC operations to help offset the costs for the operating budget as well as support UNBC Athletics and Recreation by allowing free rental space within the facility. There should be consideration for capping the number of hours booked by UNBC or cap the number of hours that can be booked during prime time. As noted in figure seven, prime time hours are weekdays after 4:00pm and all day Saturday, Sunday, and holidays (Charles Jago Northern Sport Centre, 2019). These prime-time hours are desirable by local sport organizations booking the gymnasium and turf fieldhouse, and there is a need to have more space available from January to April for these groups. This could help increase facility booking revenues and offset some of the loss from the UNBC facility bookings of \$395,000 throughout the year which surpasses their annual \$300,000 funding.

The CJNSC is a seasonal product in the community of Prince George. Due to this, the organization needs to have a strategic approach to drawing consumers to the facility during the slower months to maximize its growth with membership sales, programming, and facility bookings. The busiest part of the season, which represents higher traffic of membership sales and user group bookings is below:

- Busiest Months – January to April

- Slowest Months – May to December

This seasonality means that the facility needs to be strategic to attract customers to the facility during the slower months. The CJNSC should focus their sport tourism strategy on slower months, as it could help fill the gap in usage of the facility.

The CJNSC bookable spaces have been assessed below, which shows all available hours of booking for the facility and the number of hours actually booked:

**Table 7**

***CJNSC Facility Booking Hours Available, Fiscal Year 2018-2019***

Space	Hours Available	Hours Booked	Space Usage %	Hours Booked (January – March & April 2018)	Hours Booked (May 1- Dec 31)
Gymnasium (3)	19,162.5	7,816	40.7%	3,328	4,506
Turf (2)	12,775	4,151	32.5%	1,979	2,176
Conference Room (1)	6,387.5	969.5	15.2%	450	519

*Note.* Data for the number of bookable facility hours available based on the season. Adapted from CJNSC internal booking database.

This indicates that all spaces within the CJNSC are underutilized and there is room for growth. Space utilization is an important area of growth for the CJNSC and making sure that the facility is maximizing the usage of all spaces. To maximize utilization of a highly visible space, it is suggested that the CJNSC grow their strategic alliances with ESN by transforming the conference room into a high-performance training space for ESN. This would be a significant step forward for the CJNSC following their current vision of being leaders of sport development.

The effect of this strategic alliance could increase CJNSC membership sales and it could lead to further growth of sport programming in the facility by potentially partnering with ESN in offering programs. The gymnasium and turf fieldhouses can be better utilized through a sport tourism strategy. This is further discussed in the next section.

The CJNSC should consider a 5 to 10-year plan on developing recreational space surrounding the exterior of the facility to attract consumers in the spring, summer, and fall months. This could include an outdoor sport field, outdoor track, fenced in training spaces, among many other options. As Prince George is in NBC, outdoor recreational opportunities could attract customers to the facility as residents take advantage of the shorter summer months and spend less time indoors.

#### *4.6 Sport Tourism*

The sport tourism industry can provide a significant source of revenue for both community and the campus sport centre. According to the Canadian Sport Tourism Alliance (CSTA), the Canadian sport tourism industry continues to be an important business opportunity for Canada (Canadian Sport Tourism Alliance, 2018). Also, according to the CSTA (2018), sport tourism in Canada saw an increase of more than \$33 million for money spent throughout 2016. Furthermore, British Columbia had 51% of its revenue coming from international visitors. This provides a revenue generation option for CJNSC to focus on domestic and particularly international sporting events due to the high percentage of international visitors.

The CJNSC should include sport tourism as a part of the strategic planning with a focus on attracting international events, which help in supporting UNBC goals of attracting international students. The CJNSC should also focus on events with athletes under the age of 19, to help in attracting students to UNBC. There is also a need to have strategic partners in the



community to obtain this goal, which are Prince George Tourism and the City of Prince George. This would indicate that if the City of Prince George removed its funding, CJNSC would still need to have a strong partnership with the city to obtain its financial goals.

As shown in section 4.5, the primary bookable spaces of the gymnasium courts were booked only 40% of the time and the turf fieldhouse were booked only 32.5% of the time throughout the year. The CJNSC should implement a focused differentiation strategy for sport tourism, as they intend to serve different customers with different and specific needs within each segment such as local sport organizations and those hosting specific sports events during the summer months. This focused differentiation strategy would seek to serve the sport tourism industry and provide a significant economic impact. The strategy would serve the community local sport organizations to help build their program and grow the sport in the community. This would be a part of a focused differentiation strategy, as the CJNSC tries to make an impact in several different business opportunities. These targeted sports would need to host their local, provincial, national, or international event during the slower booking periods of the CJNSC, so the CJNSC could maximize the utilization of space for revenue generation. The months that should be targeted for sport tourism opportunities that will not interfere with busier months would be May to September. The goal should be to obtain one local or provincial sporting event yearly, while focusing on one national or international sporting event every two years. The CJNSC has the capabilities to become a destination sporting location with sport field space and campus residence for housing during the summer months while residence is not fully utilized. The CJNSC would generate revenue through paid parking, facility rental fees, and facility drop in passes. The primary goal would be to have a strategic alliance with one Canadian national sport organization that the CJNSC could be host to many of their events annually or bi-annually.

#### 4.7 Retail Sales Revenue

Retail sales is an area for additional revenue for CJNSC, which they do not currently offer as a service to its patrons. NIRSA (2013), provided a sample list of retail items that could be sold in a campus sport centre. The sample is provided below:

**Table 8**

**Retail Sales Sample for Campus Sport Centre**

Retail item	Price
Boxing hand wraps—multicolored Mexican style	\$6.00
Earbuds	\$5.00
Hat with campus recreational sports logo	\$10.00
Headphones	\$4.00
Heart rate monitor (Polar Beat)	\$55.00
Nalgene water bottles	\$7.25
Racquetball (blue Ektelon)	\$3.25
Racquetball (green Ektelon)	\$4.00
Racquetball eye guard (Phoenix Leader)	\$16.50
Racquetball eye guard (Wilson Omni)	\$8.50
Racquetball gloves	\$7.50
Shorts with campus recreational sports logo	\$21.00
Shuttlecock	\$1.75
Socks	\$3.00
Swim cap	\$3.00
Swim diaper	\$5.00
Swim goggles (adult Michigan Leader)	\$4.50
Swim goggles (adult Speedo Pro)	\$10.00
Swim goggles (adult TYR Technoflex)	\$11.50
Swim goggles (children's)	\$6.25
Swim goggles (Speedo HydrospeX Jr.)	\$11.25
T-shirt with campus recreational sports logo	\$15.00
Weight belt	\$35.00
Weightlifting gloves	\$6.00
Weightlifting wrist straps	\$5.00
Wind shirt with campus recreational sports logo	\$26.00

*Note.* Reprinted from Campus Recreational Sports. Managing Employees, Programs, Facilities, and Services

The sample list of retail items is structured for campus recreation centres with an aquatic centre, which the CJNSC does not offer, but it does provide a starting point for items that could be sold at the facility. Additional items sold at CJNSC could include shower towels, branded CJNSC bags, sporting and fitness equipment, and hygiene products. To reduce costs of operating a retail service, the services could be offered through the reception desk, as it would limit adding additional staffing to multiple locations. An issue that could arise is the control systems for lost, stolen, or damaged retail items along with storage. Also, CJNSC would need to consider the implications of adding the service for its members. As stated by NIRSA (2013), members and users like to purchase their own equipment, clothing, or personal workout items, and it could result in higher customer satisfaction, additional revenue, and marketing opportunities through branded items. There are options for CJNSC to partner with the UNBC book store, as the latter already sells clothing to students, which would provide storage capabilities, as well as ease of purchase by working with another department on campus.

#### *4.8 Sponsorship, Leased Agreements and Fee Increases*

In the study of Pinkston (2015), the researcher surveyed six large city parks and recreation departments across the Western United States. For the importance of the CJNSC, the areas of interest were contracting out services, revenue strategies with high level of resistance, current financial strategies being implemented, and naming rights. In regard to current financial strategies, the cities viewed the following important for their own financial strategy (Pinkston, 2015):

- Sponsorship agreements
- Partnership agreements
- Contracting out services

- Pricing and revenue policy
- Fee increases for memberships and programs
- Leased agreements
- Concession space

The strategy with the least amount of resistance by the public were raising membership and program fees (Pinkston, 2015). The CJNSC offered free programming in 2016 and in 2017 their strategy shifted to offering paid program, instead of all fitness programming being free. The CJNSC could utilize a new pricing skimming strategy for its memberships and a pricing penetration strategy for programming, with set increase over a certain period of time. Table three shows that group fitness instructors and personal trainers cost \$135,000 a year, which doesn't include the cost of the CJNSC programming coordinator and fitness class equipment. Adding that would amount to over \$200,000 of programming cost. The revenue generated from programming is approximately \$75,000 a year, which means fitness programming has significant room for growth in terms of breaking even financially. Improving programming could be achieved through increases to programming fees, removal of the remaining free programming, naming rights to CJNSC programming, a different type of agreement for the contracted personal and group fit instructors, or a mixture of all the options.

Removing all fitness programs from the CJNSC and instead leasing the studio space to multiple local fitness groups in the community is an option that could provide financial freedom, but it could come with potential issues. This option would remove all overhead costs associated with programming, but it would remove all control of programs offered in the facility and there would be no control over pricing. This programming approach would provide CJNSC with additional leased agreement opportunities such as their agreement with a local physiotherapy

company and a local food and beverage company within the facility. As mentioned in Pinkston (2013), the decision to partner or enter into a leased agreement should be cautious, as is it important to align with appropriate company or organization with similar visions and goals.

The CJNSC currently has two funding agreements, which are from the City of Prince George and UNBC. If the City of Prince George removed its funding in the future, another funding opportunity with a different organization seems unlikely. CJNSC currently has no partnership agreements that generates funding.

#### *4.9 Naming Rights*

Naming rights can be a significant source of revenue for campus sport centres. CJNSC has yet to take advantage of this revenue generation opportunity. According to Pinkston (2013), the ability to come to an agreement with limited obligations should be the goal. The following spaces would be a great source of long-term revenue agreements for the CJNSC:

- 280 metre indoor track and sprint lanes
- (3) gymnasium spaces
- (2) artificial turf fieldhouse spaces
- (2) strength/weight lifting rooms
- (2) squash courts
- (2) studio
- (1) conference room

In terms of consistency, naming rights would provide the CJNSC with a consistent long-term fixed income for a period of time that would help in reducing their reliability on government funding. Similar to programming, it is important that CJNSC align with organizations of similar health and wellness mission or vision when seeking companies for naming rights opportunities

(Pinkston, 2013). Another option of naming rights would be to offer naming rights of the CJNSC programming. This would provide the company exposure of their brand to a wide spread group of students, faculty, staff and community members that may only utilize programming services.

#### *4.10 Survey Analysis from 2019 CJNSC Public Engagement Survey*

A survey was completed for CJNSC members in February 2019 to begin community engagement on several key areas of interest. There were a total of 119 members that had participated in the survey with the following demographics:

**Table 9**

#### ***2019 CJNSC Survey Participation***

CJNSC Membership	Ages	Number of Surveys	% of Total Survey
Teen/Youth	13-18 years	12	10.1%
Adult	19-54 years	90	75.6%
Senior	55+ years	17	14.3%
UNBC Student	All age categories	48	40.3%

*Note.* Raw data on customer satisfaction obtained from survey Anderson, T., Clevenger I., Graham, C., Horner, A., Kasal, E., Szymanski, J. (2019).

Overall, 79% participants reported utilizing the facility 3+ days per week for physical activity (Anderson, T., Clevenger I., Graham, C., Horner, A., Kasal, E., Szymanski, J., 2019). 69% of participants reported that they used the track and 35% chose a membership solely for the track (Anderson et al., 2019). 17% of the total respondents enrolled in a membership strictly for the programming opportunities which include fitness programming and sport programming opportunities included in the membership (Anderson et al., 2019). Drop-in fitness and sport

programming are free with the membership, but there are also paid registered fitness programming as well.

For affordability, 41% of respondents mentioned that if they were non-members, cheaper membership rates would entice them to use the CJNSC and only 10% of respondents stated that the CJNSC was chosen based on the price of the membership (Anderson et al., 2019). Also, 68% of respondents stated that the large variety of activities was what they enjoyed most at the CJNSC (Anderson et al., 2019). This is crucial for the CJNSC as members vary from youth to seniors with different needs and wants. This was noticed in the youth waivers and senior waivers, as 50% of youth used the gymnasium and turf fieldhouse space for activities, while seniors had 0% response to using the turf fieldhouse and 7% to using the gymnasium (Anderson et al., 2019). Also, 14% of respondents became members from their children participating in a sport and recreation facility booking (Anderson et al., 2019). This would mean that parents would become members because their children will be in several times per week, so they can get physical activity while their kids are playing a sport or doing a recreational activity.

Youth respondents had 42% using the facility 3+ days per week with a focus on gymnasium and turf fieldhouse usage at 50% of the respondents (Anderson et al., 2019). There was also a desire for sport tournaments for youth, as 75% of the respondents mentioned that sport tournaments would entice them to attend the CJNSC (Anderson et al., 2019).

Adult's respondents were the most active as 80% reported utilizing the facility 3+ days a week (Anderson et al., 2019). The adult demographic space utilization was spread out more, with respondents using zone 3, track, stations on track and basketball/turf fieldhouse at a percentage between 12%-26% of total adults (Anderson et al., 2019). Adults liked the facility variety at 30% and cleanliness the most and 25% had a response of there being nothing that they do not like

about the CJNSC (Anderson et al., 2019). This group had indicated cheaper membership fees had enticed them to become a member, with 25% responding with this answer (Anderson et al., 2019).

Senior had used the facility 3+ days per week, for a total of 71% of all respondents. The track was a focal point, with 37% using the track and 0% using the turf field and 7% using the gymnasium (Anderson et al., 2019). Another interesting factor was the relationship that seniors were seeking. 24% had responded with friendliness of staff being the factor for becoming members, and 20% of respondents said cleanliness and variety were reasons for liking the facility (Anderson et al., 2019). Also, 61% of respondents had great overall satisfaction rate with the facility and had nothing to dislike.

UNBC student respondents had 86% of the total group using the facility 3+ days per week (Anderson et al., 2019). The spaces within the facility varied for usage, as between 18% to 25% of the respondents use the track, zone 3, and stations on the track. Large variety was the main reason for liking the CJNSC at 34% (Anderson et al., 2019). Respondents had 22% reporting they were fully satisfied and had nothing they disliked about the facility, and 27% stated the reason for disliking the facility was for how busy the facility gets (Anderson et al., 2019). UNBC student reasons for obtaining a membership was 54% who stated they became members as it was included with their tuition fees. If they were not students, cheaper membership rates were what would entice them to become members of the facility at 26% (Anderson et al., 2019). This is important for our UNBC Alumni memberships, as it provides a cheaper rate for the UNBC students once they graduate. Also, 37% said that better equipment would be the most important improvement for the CJNSC.



#### *4.11 Survey Analysis from 2020 CJNSC Membership Survey*

The UNBC Marketing Department conducted a survey of CJNSC community members from January 1, 2020 to January 31, 2020 for the purpose of understanding CJNSC customer satisfaction. There were a total of 3,292 CJNSC members targeted in the survey and 880 community members responded. Of those 880 respondents, the length of the community member's commitment to the facility through memberships varied:

- Less than 1 year – 17.48%
- 1-3 years – 39.71%
- 4-6 years – 24.38%
- 7-9 years – 10.23%
- 10+ years – 8.2%

The demographics of the survey respondents were 60.4% females, 38.88% males and 0.71% did not answer. For age demographics of the respondents, under 18 years of age were 3.69%, 19 years to 54 years were 60.54% and 55 years and older were 35.79% of total respondents. This shows that the survey had respondents from all age demographics and gender.

One of the survey questions that were of interest for this study, is the satisfaction level of CJNSC fitness classes from the consumer perspective. The results were:

- Very satisfied – 13.32%
- Satisfied – 21.05%
- Somewhat satisfied – 10.11%
- Dissatisfied – 4.28%
- Not applicable – 51.25%

This indicates there is potential growth within programming services as only a small portion of the members were very satisfied with the service. Also, approximately 50% of the respondents do participate in fitness programming services, which indicates that programming is important for the future growth of the CJNSC. The penetration pricing strategy would be beneficial for programming services, as it allows community members to try the program at a lower price and attract consumers to CJNSC programming. As the CJNSC currently offers some free programming, it allows members to try the fitness classes for free with a CJNSC membership which attracts community membership and potential sales through the paid fitness programming that is offered.

Two other survey questions that were important for the CJNSC revenue streams were 1) whether the community members would recommend the CJNSC to a friend or family member and 2) is the CJNSC good value for their money. Of the respondents, 88.7% said that yes, they would recommend the CJNSC to a friend. Also, 79.43% of the respondents said that the CJNSC community membership was good value for their money. By understanding that the majority of community members believe that the CJNSC is good value for money could suggest the CJNSC could increase membership prices slightly without member dissatisfaction. It could allow the CJNSC to price its product at the medium to high range. As mentioned in Pinkston (2013), the western United States survey had less resistance to increases in prices for both programming and membership fees, which might seem to be a similar strategy that could be used for the CJNSC.

#### *4.12 Conclusion*

Chapter four focused on analysis of both secondary and primary data. These include, previous CJNSC customer surveys, UNBC internal financial reports, and CJNSC internal reports. It was determined through the secondary research that there were areas for growth within

existing services, new services, and reduction in expenses. This does not mean that all opportunities should be pursued within the discussion of chapter four, but only those that align with the new vision of the CJNSC and UNBC that are determined in the future. There is optimism that an increase of \$300,000 annually could be obtained by the CJNSC through the implementation of increasing membership fees, increasing programming fees, introduction of a cancellation fee for memberships, a space utilization strategy, a sport tourism strategy, naming rights of programs and facility spaces, and strategic alliances. This would suggest that a new strategic plan, vision, mission and business objectives would be needed. This is the reason for the use of the campus recreation assessment tool, as there are separate goals and needs of each service. The CJNSC should utilize the campus recreation assessment tool to meet the needs of everyone involved and have a clear direction that both administration and the general public understands. By breaking down each physical space in the facility and assessing each of its needs, it will benefit the strategic planning instead of looking at the facility as a whole. The use of the space utilization will support the recreation assessment tool in determining the seasonality of space.

It is recommended that future surveys should be targeted to UNBC students, faculty, and staff in the future, if CJNSC becomes the primary operator of the CJNSC. The CJNSC should focus on improving student recreation experiences to provide a social atmosphere. This would make sense for the CJNSC if they were obtaining all revenues generated through UNBC student recreation and fitness fees instead of fixed funding, as a larger student base would result in additional revenue through student tuition. This should ultimately increase student satisfaction levels and increase interest to utilize the facility. This chapter is followed by chapter five, which

provides recommendations and an integrative framework that if implemented will go a long way to ensure financial independence for CJNSC without the need for government funding.

## CHAPTER FIVE – CONCLUSION AND RECOMMENDATIONS

### *5.1 Introduction*

The purpose of the case study was to identify key strategies for university, college, and public facilities to operate with the purpose of being financially self-sustaining without the need for any form of government funding. This case study could help support facilities in developing or changing the current strategic direction and focus on revenue generation. It was found that there is a need for revenue generation through a new strategic plan that is business oriented. By focusing on revenue generation, new strategic priorities will focus on new service development to generate profit.

In the case organization, if the City of Prince George were to remove its \$300,000 annual funding to the CJNSC, it would need to generate revenue from other services to offset the budget deficit. It was determined that it could be accomplished through multiple strategies, both existing and new services or funding opportunities. The recommendations for covering the budget issue loss are:

1. sport tourism strategy,
2. selling naming right opportunities to physical spaces and programs,
3. forming strategic alliances within the community,
4. increase fitness and sport programming fees through price penetration strategy,
5. implementing membership cancellation fees,
6. implementing increased community membership fees through price skimming strategy
7. increase student recreation and fitness fee contribution, and
8. utilizing space to maximize revenue.

There were other areas of potential revenue generation, but they were not recommended for implementation within the case organization.

## *5.2 Project overview*

The goal of the project was to provide an integrated framework that will help a university or college sports center to generate enough revenue and be financially self-sustaining without reliance on government funding to sustain its financial obligations. The project relied on a number of methods to achieve this objective. In addition to the literature review, two CJNSC surveys, UNBC and CJNSC internal financial reports were analyzed. This provided the researcher with an understanding of the CJNSC membership needs along with internal documents to determine where revenue could be generated, or expenses reduced to meet those needs. The other revenue opportunity not recommended for the case study were retail sales, due to potential lost or stolen merchandise, storage capabilities and UNBC bookstore is located a short distance away from the CJNSC.

## *5.3 Recommendations for New and Existing Revenue Opportunities*

### *5.3.1 Strategic Alliances*

There is a need for the CJNSC to form strategic alliances within Prince George and outside of Northern British Columbia that have similar values and goals. The CJNSC should form a strategic alliance with ESN to improve services and allow CJNSC to enter a unique market of high-performance sport. This would provide a competitive advantage, as the CJNSC would be offering a variety of services that cannot be delivered by a general fitness centre. This would allow CJNSC to follow through on their vision of being leaders in sport development by forming this strategic alliance to offer programs. This would be a long-term strategic alliance with the focus of developing sport and recreational programs in CJNSC and utilizing resources from both organizations to deliver the programs. This could provide additional revenue

opportunities through membership sales, due to increased volume of individuals in the facility participating in their programming (ex: parent enrolls in CJNSC membership with child in ESN programs). The CJNSC should explore the possibility of outsourcing its recreation program services to ESN and utilize ESN connections to provide future opportunities for sport tourism. It is recommended that the CJNSC provide a space within the facility for better exposure and brand recognition, which has been identified as the CJNSC conference room.

Other strategic alliances for the CJNSC are Prince George Tourism and the City of Prince George. Both organizations could support the CJNSC in their new sport tourism strategic plan to attract more local, provincial, national, and international events to CJNSC and Prince George. These strategic alliances would be different from the above, as it would be a non-equity strategic alliance with the sole purpose of utilizing the assets each organization has to attract sport tourism events to Prince George. Within these strategic alliances, the CJNSC would be independent of the City of Prince and Prince George Tourism, but they could share the following resources:

- Networking relationships,
- Assessment tools for financial impacts,
- Information for developing competitive bids.

This information sharing would provide a mutual benefit to both parties, as the CJNSC would generate revenue through facility space rental and the City of Prince and Prince George Tourism would gain exposure to the City and taxes gained through hosting the event. To help support the initiative to align the CJNSC would attend conferences and meetings with Prince George Tourism to help attract and showcase the CJNSC to provincial sport organizations, national sport organizations and international sport federations.

### *5.3.2 CJNSC Programming Services*

The CJNSC programming services currently operates with a significant deficit because a percentage of its programs is free. To help offset some of the costs, it is recommended that fitness programming fees increase and introduce new and desirable programs to its membership for a fee and limit introduction of free programming. It is recommended that the CJNSC conduct another customer survey specifically in regard to programming options and to gain an understanding of what the community members and students desire.

The CJNSC should introduce sport programming opportunities for youth, adults, and seniors. These programs would include offering recreational sport programs through a registered fee structure. Example programs include adult volleyball league, adult squash league, senior pickleball league, and introductory to sport programs for youth through ESN. This would generate additional revenue for programming services to help offset some of the costs to operate programming services

### *5.3.3 UNBC Student Recreation and Fitness Fees*

It is recommended that the CJNSC receive all funds that are generated from the UNBC student recreation and fitness fees. As the facility has a fixed income from UNBC (\$300,000 annually), the structure doesn't entice CJNSC to retain students or recruit students. If CJNSC focused on revenue generation for their future strategic planning and received all recreation and fitness fees from students, then CJNSC would be focused on retaining and recruiting students to generate the additional revenue. This would align with UNBC goals of recruitment and retention of students. The additional fees would go towards covering the costs associated with the other UNBC benefits from their \$300,000 which are UNBC athletic bookings, UNBC departmental



bookings and UNBC intramural bookings. It is recommended that if the CJNSC direction is either to stay with its current strategic plan or change to a new strategic plan, the change in funding from UNBC to CJNSC should be assessed due to the time value of money principle.

#### *5.3.4 Seasonality of CJNSC Facility Bookings*

It is recommended that the CJNSC develop a clear plan for attracting customers to the facility during the spring and summer months (May-September). This plan should be developed surrounding a sport tourism strategic plan that focuses on hosting sporting events for local, provincial, national and international events during this time period. This will help to utilize the facility better in the slower months and attract new customers. This could result in other strategic alliances with local sport organizations in regard to partnership on sporting events in the future. It is recommended that the facility targets specific sports that host sporting events during the CJNSC slower months and have a goal to attract one local or provincial event annually along with one national or international event every two years. The CJNSC would benefit from using a focused differentiation strategy for sport tourism, as it could help service the local sport organizations, economic impact for the City of Prince George through taxes and program exposure. It will serve the needs of CJNSC, as it will generate revenue during months that would normally not generate revenue and help in achieving financial self-sustainability.

#### *5.3.5 Space utilization of spaces within CJNSC*

It is recommended that the CJNSC renovate the underutilized conference room in the entrance of the CJNSC to a high-performance training space. This space could be leased out to ESN to provide athlete development services and showcase the space to the community as a high-performance training space. This would attract a different consumer to the facility that

focuses on competing at the highest level in sports, which could meet the demographics of 12+ years. The CJNSC should also consider in their 5 to 10-year plan to focus on developing recreational space surrounding the exterior of the facility to attract consumers in the slower months. This could include an outdoor sport field, outdoor track and other recreational spaces.

#### *5.3.6 Sustaining Community Memberships*

It is recommended that the CJNSC develops a pricing skimming strategy that is competitive with other local organizations. If the CJNSC has a new strategy or maintains its old strategy, community memberships are the most significant revenue to meet its financial obligations. The new strategy recommendation is to increase membership fees that are in the middle to high range for membership pricing in the community. As the CJNSC is a product differentiator through a variety of services in recreation, sport, fitness, physiotherapy and food and beverage, along with a minimum of a three-month membership contractual agreement, they should be priced in the middle to high end for membership pricing in the community. The facility should be considered a premium product and the pricing strategy should reflect it.

#### *5.3.7 Cancellation fees*

It is recommended to implement a cancellation fee to generate additional revenue and cover the costs for hours worked by the administrative staff to complete the cancellation forms. This implementation should reduce the number of the members cancelling their membership dues, reduce administrative work by staff, and increase revenue for the facility. It is recommended that a \$20 cancellation fee be charged to any members cancelling their membership within the contractual agreement.

### *5.3.8 Naming rights*

It is recommended that the CJNSC pursue selling long-term naming rights to various spaces and programming within the facility. CJNSC target could include athletic equipment and apparel companies, beverage companies, insurance companies, restaurants, and forestry. The areas for sale would include the indoor track, (3) gymnasium spaces, (2) artificial turf fieldhouse spaces, (2) strength/weight lifting rooms, (2) squash courts, (2) studio, (1) conference room, and CJNSC programming. Currently there is no naming right agreements within the CJNSC that generates revenue.

### *5.4 Integrative Framework*

As discussed in chapter one, the goal of this study was to provide an integrative framework that can be used as a tool or template for universities and colleges who currently operate a campus sports center or seeking to develop a campus sport centre. The table below therefore, provides a summary of the key findings, recommendations and outcomes to help in developing a strategic plan with the focus of being a financial self-sustainability facility. The integrative framework is focused on the case organization and its opportunities in generating new and existing revenue.

**Table 10*****Campus Sport Centre Integrative Framework***

<b>Key Findings</b>	<b>Recommendations</b>	<b>New Strategic Plan</b>
The need for Strategic Alliances	Solidify cooperative strategies with key partners within the community that share similar visions and goals as the CJNSC. This includes Engage Sport North (ESN). This could provide additional revenue opportunities through membership sales, due to increased volume of individuals in the facility participating in their programming (ex: parent enrolls in membership with child in ESN programs). The CJNSC should explore the possibility of outsourcing its recreation program services to ESN.	New strategic plan would be to implement a cooperative strategy and partner with other companies on programming and mutually beneficial strategic plans that align with both organizations. Provide a visible location within facility that provides brand exposure for ESN. Other strategic alliances for the CJNSC would include Prince George Tourism and the City of Prince George to increase sport tourism opportunities.
CJNSC programming services operates with a significant deficit	Implement price penetration strategy and begin to offer new programming with a fee structure. Begin to offer sport programming opportunities for youth, adults and seniors. At this time, it is not recommended that the CJNSC pursue the strategic direction of removing fitness programs and having the space rented by external fitness companies or trainers.	New strategic plan would be to offer recreational sport opportunities with registered fee structure. Example programs include, adult volleyball league, adult squash league, senior pickleball league, and active start programs for youth through ESN. This would generate additional revenue for programming services.
Student recreation and fitness fees are not directly invested to CJNSC	All funds that are generated by UNBC through student recreation and fitness fees go directly to the CJNSC. This would cover the costs associated for the student memberships, intramural fees and the loss of revenue from UNBC bookings. Also, based on the concept of time value of money, the \$300,000 will be less significant over time and it will continue to drop in terms of percentage of total revenue over time. Currently, it is worth 12.5% of total revenue.	New strategic plan would provide the CJNSC with an additional \$50,000 to \$120,000 a year. There would need to be a change to the current contract between the Northern Sport Centre Limited (NSCL) and UNBC.

Seasonality of CJNSC facility booking	The CJNSC needs a clear plan for attracting customers to the facility during the spring and summer months (May-September). Through a sport tourism strategic plan that focuses on sports that host local, provincial, national and international events during this time period, it will help to utilize the facility better in the slower months. This could result in other strategic alliances with local sport organizations in regards to partnership on sporting events in the future.	New strategic plan would be to attract one local or provincial event each year, along with one national or international sporting event every two years.
Space utilization of spaces within CJNSC	The CJNSC should renovate the conference room in the entrance of the CJNSC to a high-performance training space. This space would be leased out to ESN to provide athlete development services and showcase the space to the community. This would attract a different consumer to the facility that focuses on competing at the highest level. The CJNSC should also consider in their 5 to 10-year plan to focus on developing recreational space surrounding the exterior of the facility to attract consumers in the summer month. This could include an outdoor sport field, outdoor track and other recreational spaces.	New strategy would be to use all space to its capacity, especially those that are in a high traffic area that have significant exposure. Begin planning for the development of outdoor recreational space and use the campus recreation assessment tool to determine the goals and objectives of the space.
Community memberships are needed to sustain facility financial obligations	Develop a price skimming strategy for community memberships that is competitive with the industry. If the CJNSC does become a UNBC campus facility, there is still a need for community member. Recommend increasing membership fees, as previous study from Pinkston (2013) found that fee increase was of least resistance. As well, 40% of participants in CJNSC study responded that they would utilize the facility based on the cheaper membership rates.	Determine membership prices and membership categories that are consistent with campus sport centre industry (corporate, family, adult, etc.).
Cancellation fees	Recommendation would be to include a cancellation fee to cover the costs for hours worked by the administrative staff to complete the cancellation forms. This could also reduce the number of the members cancelling their membership due to incorporating a cancellation fee. Currently, members are free to cancel their membership at any time at no cost after three months.	Include a \$20 cancellation fee to all members cancelling their membership prior to the contract end date.

Naming rights of spaces within the CJNSC along with naming rights to the CJNSC programming	Recommendation would be to sell long term financial sponsorship agreements for spaces within the CJNSC and CJNSC programming. CJNSC target could be athletic equipment and apparel companies, beverage companies, insurance companies, restaurants, and forestry industry.	Areas for sale would include indoor track, (3) gymnasium spaces, (2) artificial turf fieldhouse spaces, (2) strength/weight lifting rooms, (2) squash courts, (2) studio, (1) conference room, and CJNSC programming.
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**Source: Created by Craig Langille for the purpose of this study.**

### *5.5 Conclusion*

The main goals of the study were to 1) identify revenue opportunities for the CJNSC to ensure its financial independence from the City of Prince George funding and 2) provide an integrative framework that could be used for other colleges and universities desiring to operate their campus sport centre as a business entity.

The study of the CJSNC could solve a potential problem if the City of Prince George removed its funding and UNBC solely operated the facility. This resulted in the focus of the study to determine if the loss of the \$300,000 annually from the City of Prince George would be critical funding for the CJNSC and if these funds could be generated through other services or products. If the funding is removed, then the current organizational structure of reporting to the Northern Sport Centre Limited would change and a new strategic plan would need to be developed. This led to the first goal as the potential areas of growth for revenue were developed through secondary research of post-secondary institutions, CJNSC customer surveys, CJNSC internal financial reports, and UNBC internal documents. This helped to assess how college and universities are generating revenue and if it aligns with the CJNSC current strategic priorities and needs of the customer. It was found that the loss of the \$300,000 annual funding could be generated elsewhere through strategies such as UNBC student and recreation fees, strategic

alliances, seasonality of facility bookings, space utilization, membership price skimming strategy, programming price penetration strategy, naming rights, and implementation of a membership cancellation fee. It was also discovered that reducing expenses would not have a significant impact to offset the loss of revenue and focus should be on increasing revenue through the above eight revenue opportunities. It is important for the CJNSC to become a facility that's primary focus is on maximizing revenue and generating profit as the funds are important for future upkeep of the facility and to ensure that it is a quality product in the future.

This project should support other universities and college campus facilities for strategic planning and it will support the CJNSC in its decision for future strategic direction and its ability to be a financially self-sustaining facility that provides an impact in the community of Prince George in the future without government funding. This led to the second goal and the strategic management process defining the CJNSC organizational strategy to allow management to make a choice from its strategies to achieve strategic competitiveness which in this case is the strategic framework (Hitt, Ireland, & Robert, 2016). According to Hitt et al., (2016) this process involves analysis, strategy, and performance (A-S-P model). *Analyzing* the external environment and internal organization allows the CJNSC to determine resources, capabilities and core competencies. This was determined through the integrative framework as it determined its strategy based on the potential new and existing revenue streams. The *strategy* includes; 1) external analysis to determine what revenue opportunities exist and 2) internal analysis to determine what the CJNSC could do with its resources, capabilities and core competencies to achieve strategic competitiveness leading financial self-sufficiency in the new business model. The final portion of the model is *performance* which means that the CJNSC will carefully choose strategies that provide a strategic competitiveness and above average returns to the organization

(Hitt et al., 2016). This study has shown that a new strategic framework can help the CJNSC in establishing an effective business model to ensure it is financially self-sustaining without the need for government funding and able to earn above-average returns. The need for colleges and universities to take this approach is important to help in operating campus sport centres as a business and less reliant on government funding.



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## APPENDICES

